

CITY OF DODGE CITY, KANSAS

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2014**

KENNEDY MCKEE & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

1100 W. FRONTVIEW • P.O. Box 1477 • DODGE CITY, KANSAS 67801 • (620) 227-3135

CITY OF DODGE CITY, KANSAS

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	20
Statement of Net Position – Proprietary Funds	22
Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Component Unit Financial Statements	
Statement of Net Position – Major Component Units	27
Statement of Activities – Major Component Units	28
Budgetary Comparison Statements	
General Fund	29
Sales Tax Fund	30
Budget to GAAP Reconciliation	31
Notes to Basic Financial Statements	32
SUPPLEMENTARY INFORMATION	
COMBINING FINANCIAL STATEMENTS	
Combining Balance Sheet – Nonmajor Governmental Funds	58
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds	59
Combining Balance Sheet – Nonmajor Governmental Funds – Capital Projects Funds	63
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	64
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds	65

TABLE OF CONTENTS (CONTINUED)

Page

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS (CONTINUED)

Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Projects Funds	70
Statement of Fiduciary Net Assets – Agency Funds.....	71

APPENDICES

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	74
Schedule of Expenditures of Federal Awards	76
Schedule of Findings and Questioned Costs	77

OTHER AUDIT

Dodge City Public Library

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Dodge City Housing Authority and Special Events Center Special Revenue Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge City Housing Authority and Special Events Center Special Revenue Fund, is based on the reports of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dodge City, Kansas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2015 on our consideration of the City of Dodge City, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Dodge City, Kansas' internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

July 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DODGE CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Dodge City's financial performance provides an overview of the City's financial activities for the year ended December 31, 2014. It should be read in conjunction with the City's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements follow the government-wide statements. For governmental activities, these statements tell how the services of the City were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is this: "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps provide answers to this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and the changes in them. The net position represents the difference between assets and liabilities. Net position is one way to measure the financial position of the City. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the property tax base, and economic conditions at the state and local level must also be considered when assessing the overall financial health of the City.

In the Statement of Net Position and in the Statement of Activities, the information is divided into three kinds of activities:

- Governmental activities—Many of the City's basic services are reported here, including general government, public safety, public works, culture and recreation and community services. Property taxes, sales tax, franchise fees, service charges and fees, other types of governmental revenues and taxes, and federal and state grants finance most of these activities.
- Business-type-activities—The City charges a fee to residents to cover the cost of utility services it provides. These services are water wastewater, solid waste, and drainage utilities.
- Component units—The City includes three separate legal entities in its report: the Dodge City Public Library, the Dodge City-Ford County Development Corporation, and the Dodge City Housing Authority. Although legally separate, these component units are important because of their relationship with the City.

USING THIS ANNUAL REPORT (CONTINUED)

The Statement of Net Position and the Statement of Activities (continued)

To assist in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues and how much it is self-financing through fees and grants.

Fund Financial Statements

Our analysis of the City's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law or by contract. However, the City Commission establishes many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds**—Many of the City's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. A reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Position is provided.
- **Proprietary funds**—The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its vehicle and equipment maintenance activities. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Position and in the Statement of Activities.

Since the Enterprise funds use the same accounting approach in all statements, no reconciliation is necessary among the statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE CITY AS A WHOLE

Government-Wide Statements – Overview

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements:

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 36,665,668	\$ 38,453,926	\$ 7,534,732	\$ 8,599,727	\$ 44,200,400	\$ 47,053,653
Capital assets	101,617,739	108,055,283	66,157,681	67,125,604	167,775,420	175,180,887
Total assets	138,283,407	146,509,209	73,692,413	75,725,331	211,975,820	222,234,540
Long-term liabilities	62,436,932	65,805,915	39,154,773	41,534,531	101,591,705	107,340,446
Other liabilities	2,918,562	2,568,664	2,017,502	1,752,884	4,936,064	4,321,548
Total liabilities	65,355,494	68,374,579	41,172,275	43,287,415	106,527,769	111,661,994
Deferred inflows of resources	7,896,755	7,929,920	298,572	324,920	8,195,327	8,254,840
Net Position:						
Invested in capital assets net of related debt	43,680,855	49,620,333	27,002,905	25,591,073	70,683,760	75,211,406
Restricted	19,010,716	12,752,487	-	-	19,010,716	12,752,487
Unrestricted	2,339,587	7,831,890	5,218,661	6,521,923	7,558,248	14,353,813
Total net position	\$ 65,031,158	\$ 70,204,710	\$ 32,221,566	\$ 32,112,996	\$ 97,252,724	\$ 102,317,706

For the years ended December 31, 2014 and 2013, net position changed as follows:

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Beginning net position	\$ 70,204,710	\$ 76,090,461	\$ 32,112,996	\$ 33,199,506	\$ 102,317,706	\$ 109,289,967
Increase (decrease) in net position	(5,173,552)	(5,885,751)	108,570	(1,086,510)	(5,064,982)	(6,972,261)
Ending net position	\$ 65,031,158	\$ 70,204,710	\$ 32,221,566	\$ 32,112,996	\$ 97,252,724	\$ 102,317,706

Governmental current assets decreased from 2013 to 2014 because the cash balance in the project fund was spent for a major street project during the year. The cash balance in the General Fund continues to remain strong because of a concerted effort to focus on increasing the cash balance to a level described in the financial policies. Capital assets decreased because of the normal depreciation on capital infrastructure and capital assets exceeded the addition of capital assets.

Current assets decreased in the business-type activities from 2013 to 2014 because of the repayment on the KDH&E Water Loan for the construction of the water reclamation facility which decreased cash assets, and the timing of receivables. Receivables decreased significantly from 2013 to 2014. The capital assets decreased because the depreciation expense exceeded the addition of capital assets.

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

	Governmental activities		Business-type activities		Total primary government	
	2014	2013	2014	2013	2014	2013
Revenue:						
Program revenue:						
Charges for services	\$ 3,982,576	\$ 4,444,523	\$ 11,011,315	\$ 11,256,752	\$ 14,993,891	\$ 15,701,275
Operating grants	2,860,320	3,050,319	826,597	831,262	3,686,917	3,881,581
Capital grants	1,964,185	376,761	-	10,527	1,964,185	387,288
General revenue:						
Property taxes, levied for general purposes	6,768,975	6,914,050	-	-	6,768,975	6,914,050
Property taxes and special assessments levied for debt service	2,468,438	2,015,536	-	-	2,468,438	2,015,536
Sales taxes	11,195,087	10,615,596	-	-	11,195,087	10,615,596
Franchise taxes	1,871,660	1,683,180	-	-	1,871,660	1,683,180
Expanded lottery tax	604,335	617,413	-	-	604,335	617,413
Grants and contributions	117,680	122,748	-	-	117,680	122,748
Gain on assets	-	(1,557,441)	-	-	-	(1,557,441)
Contributed capital	189	1,588,222	57,073	(1,588,222)	57,262	-
Investment earnings	92,556	(17,548)	68,167	68,624	160,723	51,076
Transfers	(188,909)	33,366	(1,065,540)	(1,263,720)	(1,254,449)	(1,230,354)
Miscellaneous	233,104	564,666	-	-	233,104	564,666
Total revenue	31,970,196	30,451,391	10,897,612	9,315,223	42,867,808	39,766,614
Program expenses:						
General government	3,684,889	3,615,223	-	-	3,684,889	3,615,223
Public safety	8,262,534	8,149,112	-	-	8,262,534	8,149,112
Public works	3,425,434	3,164,765	-	-	3,425,434	3,164,765
Culture and recreation	9,804,166	9,111,736	-	-	9,804,166	9,111,736
Community services	1,631,388	1,653,106	-	-	1,631,388	1,653,106
Indirect depreciation	7,810,930	8,098,867	-	-	7,810,930	8,098,867
Interest on long-term debt	2,524,407	2,544,333	-	-	2,524,407	2,544,333
Water/Wastewater	-	-	8,828,454	8,585,304	8,828,454	8,585,304
Solid waste	-	-	1,706,985	1,669,498	1,706,985	1,669,498
Drainage	-	-	253,603	146,930	253,603	146,930
Total expenses	37,143,748	36,337,142	10,789,042	10,401,732	47,932,790	46,738,874
Increase (decrease) in net assets	\$ (5,173,552)	\$ (5,885,751)	\$ 108,570	\$ (1,086,509)	\$ (5,064,982)	\$ (6,972,260)

The charges for services decreased from 2013 to 2014. The charges for services in the areas of public safety, public works, culture and recreation and community services all increased slightly from 2013. The general government revenue decreased significantly and was the reason for the overall decrease of the charges for services in the governmental activities. The reason for this decrease was in the medical insurance fund. In 2013 the reimbursed expenditures in the medical insurance fund totaled \$629,000 and in 2014 it was \$12,000. Operating grants and capital grants in 2014 included: FAA funding at the airport for the parking lot and wildlife hazard assessment; the award of historic grants for the depot and other historic places; expanded public transportation program and busses; and main traffic way improvement projects. The franchise taxes increased by 11.2% because the gas and electric are variable depending mostly on the weather and normal rate increases. The sales tax increased 5.46% and the expanded lottery tax decreased 2.12%. The most notable changes in the program expenses were the culture and recreation expenses. This area increased in the sales tax projects funds due to increased expenses at the Special Events Center.

Governmental Activities

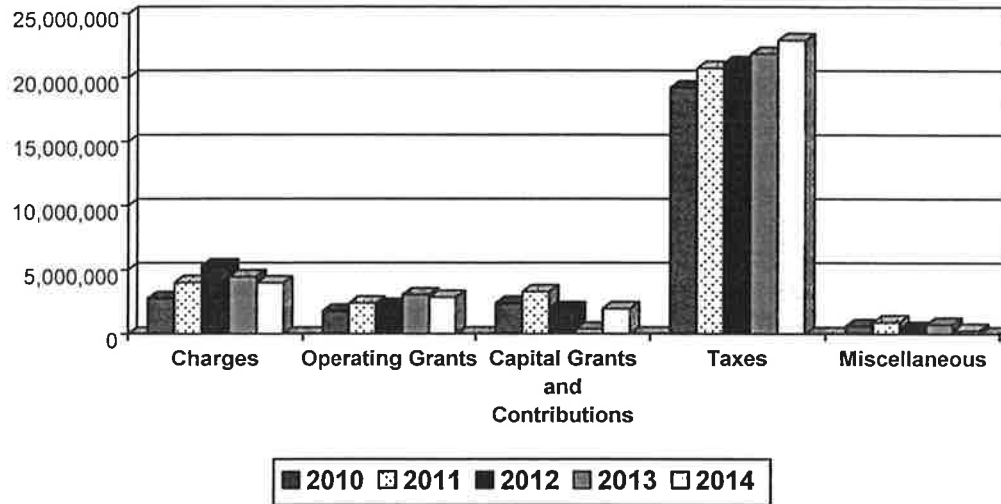
The most significant governmental activities are general government, public safety, public works, culture and recreation and community services. The main sources of revenue are property taxes, sales tax, franchise fees, charges for services, other governmental revenue and taxes, and operating grants and contributions. Total governmental revenues for the year were \$31,970,196, and total expenses were \$37,143,748. The percentage increase in revenue was 4.99%, while the total increase in expense was 2.22%.

THE CITY AS A WHOLE (CONTINUED)

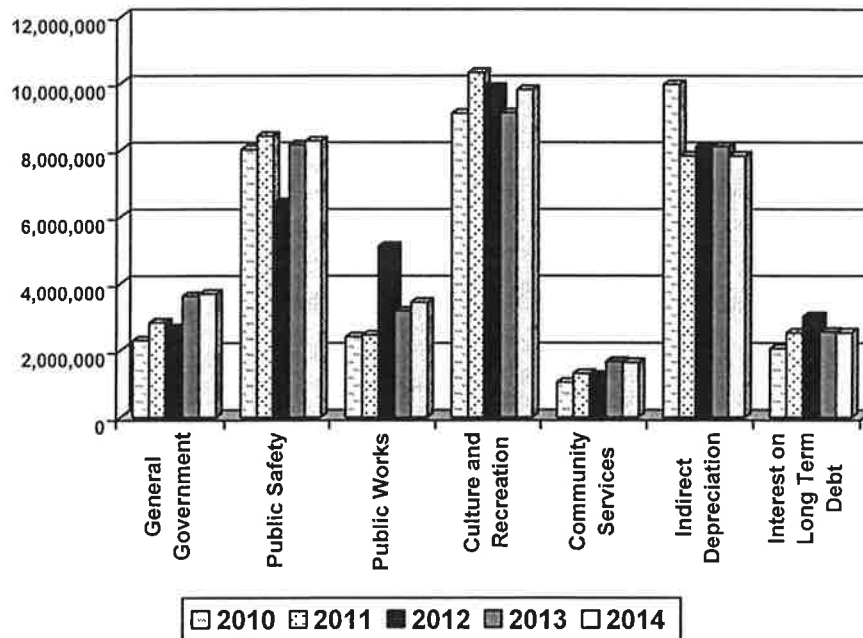
Governmental Activities (continued)

The following charts reflect a comparison among all the governmental sources of revenue and expense categories for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 based on the information included in the government-wide financial statements.

Governmental Activities - Revenues



Governmental Activities - Expenses



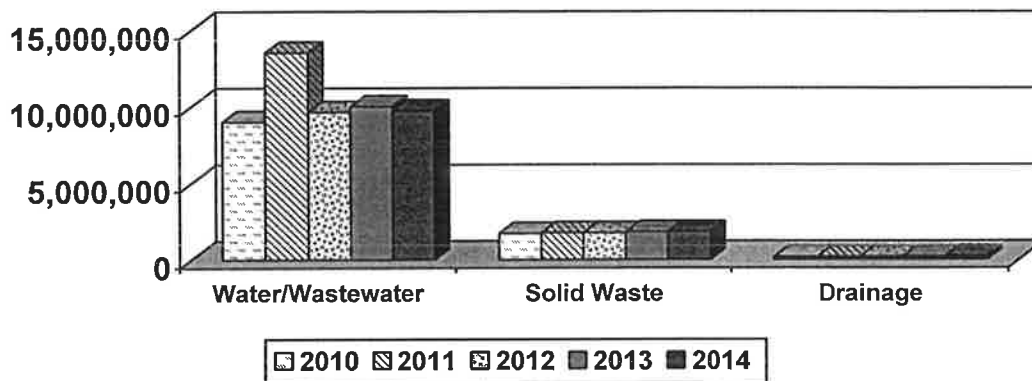
THE CITY AS A WHOLE (CONTINUED)

Business-Type Activities

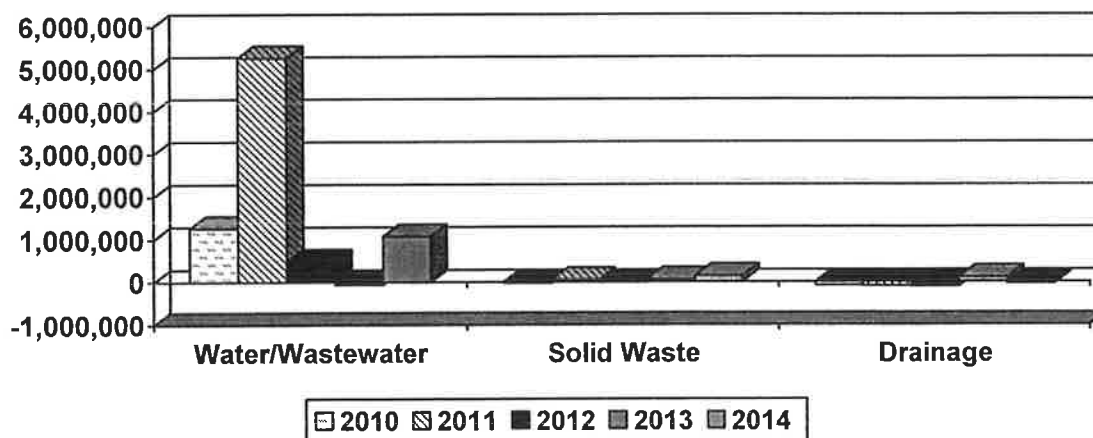
The business-type activities of the City are the water/wastewater, solid waste, and drainage utilities. These activities derive most of their revenue from charges for services. Total business-type program revenues are \$11,837,912 and operating expenses are \$10,789,042.

The charts below compare program revenues and changes in net assets for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 based on the information included in the government-wide financial statements.

Business-Type Activities - Program Revenues



**Business Type Activities -
Change in Net Assets before Transfers**



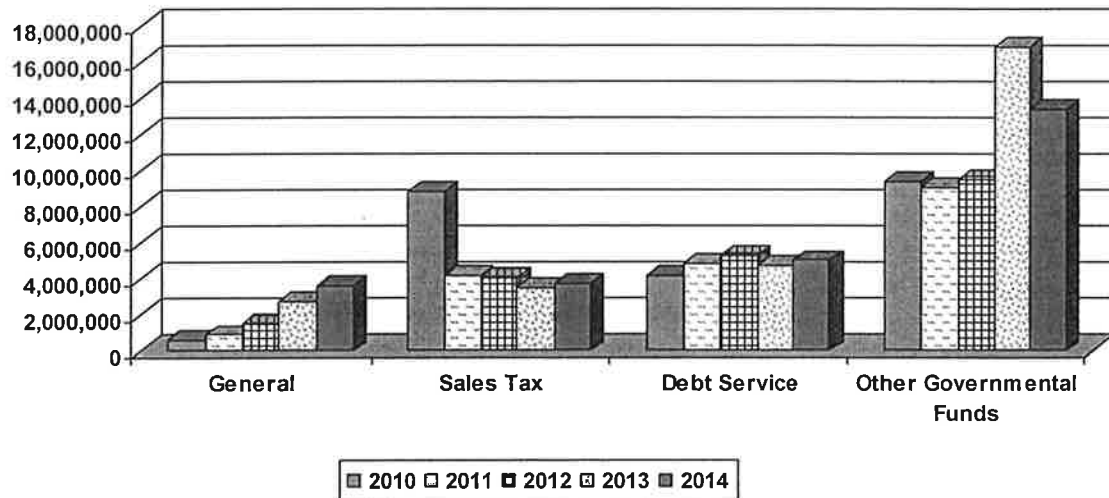
THE CITY'S FUND BALANCES

Governmental Activities

As the City completed the year, the governmental funds reported a combined fund balance of \$25,691,831, as reflected in the Balance Sheet - Governmental Funds. This balance represents a decrease of \$2,076,517 (7.48%) from last year's ending balance. This decrease in fund balance is primarily due to expended project funds from the 2013 GO Bond issue that were not expended in 2013. A concerted effort has been made to increase the fund balances, with the exception of project funds, to a level that would cover future replacement costs as well as a target of 15-25% of current budgeted expenses in the general fund to be able to fund operations at all times, especially if an emergency situation would exist.

A comparison of fund balances based on information included in the fund financial statements is presented below:

Governmental Fund Balances



Following is an analysis of General Fund and Sales Tax Fund revenue and expenditures compared to the previous year:

The percentage of revenue that funded the General Fund in 2014 is sales tax at 33.35%, property tax at 26.75%, franchise fees at 13.41%, licenses, charges and rentals at 7.09%, fines at 5.45% with other revenues representing the remainder of the funding. General Fund revenue remained relatively the same as 2013, with a .0013% decrease.

Property tax collections remain very stable. The chart below lists the percentage of property tax collected compared to the amount that was levied.

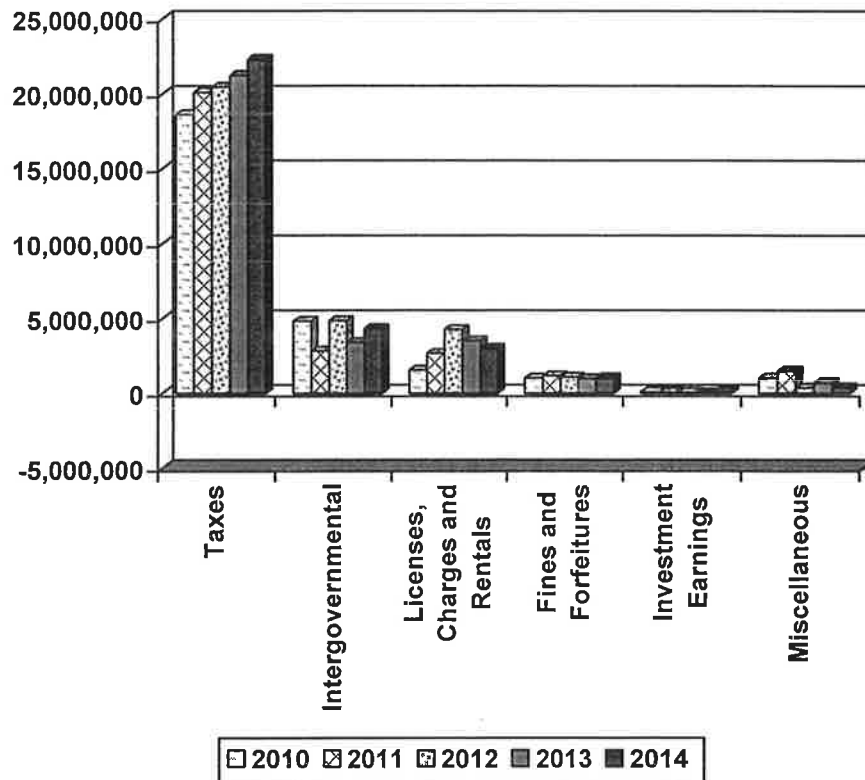
Year	% of Property Tax Collected compared to the amount Levied	% of Property Tax Collected plus Delinquent amount compared to the amount Levied
2010	96.27%	98.5%
2011	101.71%	104.46%
2012	96.56%	99.34%
2013	96.64%	106.50%
2014	100.97%	103.97%

THE CITY'S FUND BALANCES (CONTINUED)

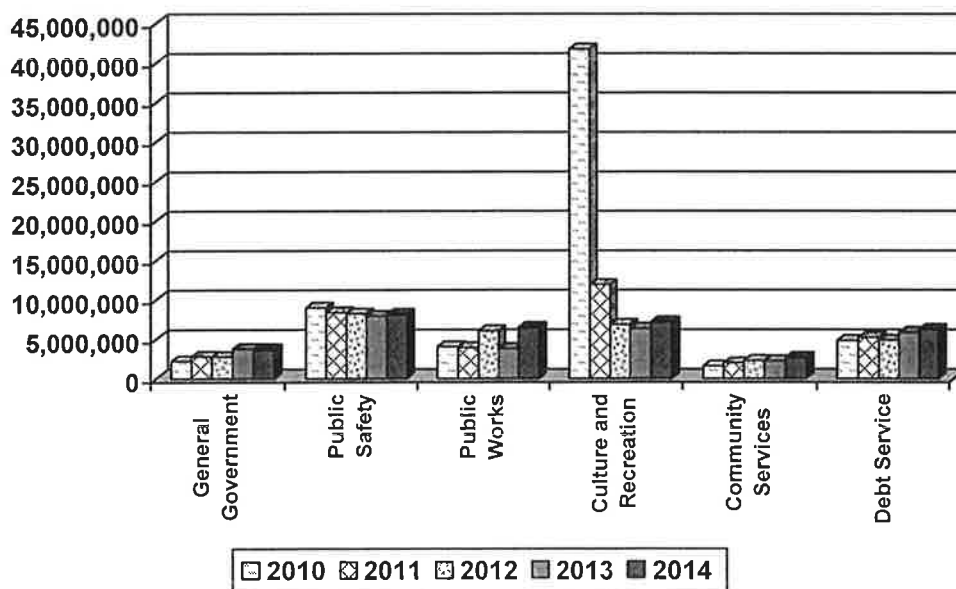
Governmental Activities (continued)

The Sales Tax Fund is funded primarily by sales tax and partially by user fees and charges. The overall revenue in the sales tax fund remained stable.

Governmental Activities - Revenues



Governmental Activities - Expenditures



BUDGETARY HIGHLIGHTS

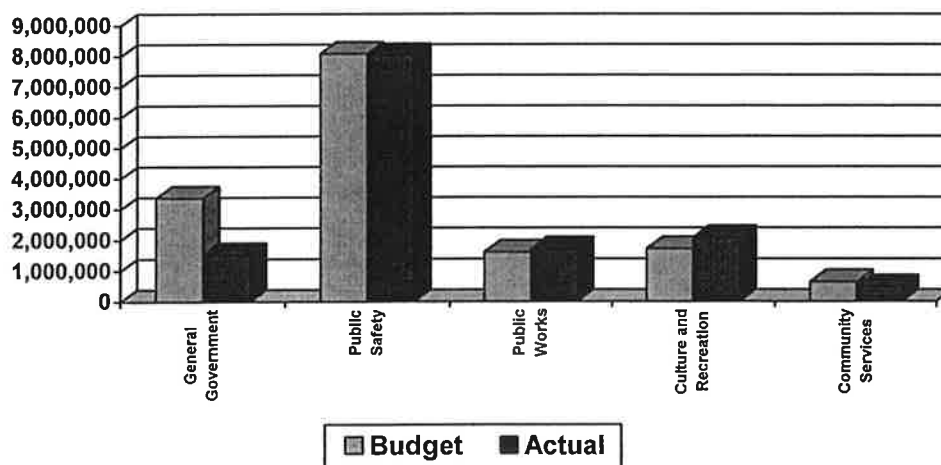
The governmental funds included in the published budget are the General Fund, Special Liability, Library, Library Employee Benefits, Sales Tax, Convention and Visitors, Special Streets and Highways, Special Park and Recreation, Special Alcohol and Drug, Alcohol and Drug Safety Action, All 4 Fun, GO Bond and Interest Funds, and Development and Growth. Budgeted business-type funds are as follows: Water/Wastewater, Solid Waste and Drainage Utility Funds. The internal service fund is the Vehicle Maintenance Fund.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. Budgets were amended for the following funds:

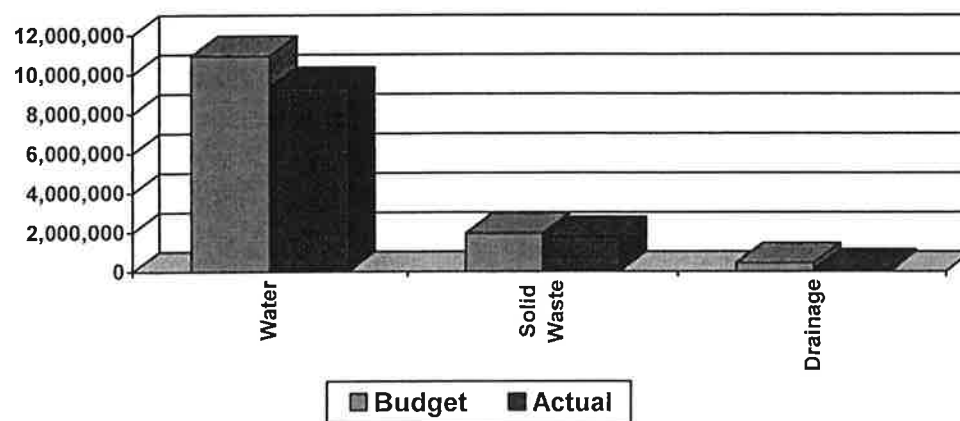
	Original budget	Amended budget
Sales Tax Fund – Special Projects	\$ 5,719,845	\$ 6,297,985
Convention and Visitors	875,117	905,100
Capital Improvement	531,020	581,020
Special Alcohol and Drug	100,000	106,000
Transportation	348,740	408,740

The following charts show expenditures by category compared with the published budget for the current year.

General Fund Comparison to Budget 2014



Enterprise Funds Comparison to Budget 2014



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City has invested \$167.8 million in capital assets (net of depreciation). Approximately 60.57% of this investment is related to governmental activities and includes infrastructure, buildings, equipment and land. Governmental capital assets decreased by approximately 5.9%, while capital assets held for business-type activities have decreased 1.4% from the previous year. Capital assets held by the City at the end of the current and previous year is summarized as follows:

	Capital Assets (Net of Depreciation, in Thousands)					
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,582	\$ 5,582	\$ 1,527	\$ 1,527	\$ 7,109	\$ 7,109
Buildings and improvements	45,003	45,815	23,439	23,955	68,442	69,770
Machinery and equipment	11,473	12,530	825	1,063	12,298	13,593
Infrastructure	35,247	43,058	36,495	37,369	71,742	80,425
Water rights	-	-	3,037	3,099	3,037	3,099
Construction in progress	4,313	1,070	835	114	5,148	1,184
Totals	<u>\$ 101,618</u>	<u>\$ 108,055</u>	<u>\$ 66,158</u>	<u>\$ 67,125</u>	<u>\$ 167,776</u>	<u>\$ 175,180</u>

The City of Dodge City has a five-year capital improvement program, which includes the street program, and a five year municipal equipment replacement program. In each program, capital improvements are completed annually, equipment is scheduled for replacement, and street improvements are completed annually. The additions to the capital assets in the governmental funds are a result of improvements scheduled during the year. Vehicles were replaced according to the schedule in the Police, Parks, Golf Course, Cemetery, Public Transportation and Convention & Visitors Departments. Other capital improvements include turf on Cavalier baseball field and water and sewer line extension to the Marriott Hotel on the west end of town.

Additional information about the City's capital assets is presented in Note F of the financial statements.

Long-Term Liabilities

At the end of the current year, the City had long-term liabilities related to governmental activities of \$61,831,683. This includes \$22,941,800 in general obligation bonds, \$742,706 in capital lease obligations, \$190,000 in notes payable, \$887,177 in compensated absences, and \$37,070,000 in revenue bonds.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (continued)

The total amount of debt related to business-type activities at the end of the current year was \$39,277,187, which was a decrease of \$2,372,730 from the previous year.

The debt position of the City is summarized below and is more fully analyzed in Note I of the financial statements.

Long-Term Obligations

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 22,941,800	\$ 24,492,200	\$ 17,838,200	\$ 19,147,800	\$ 40,780,000	\$ 43,640,000
Capital lease obligations	742,706	934,056	-	-	742,706	934,056
Notes payable	190,000	277,500	-	-	190,000	277,500
Compensated absences	887,177	860,053	122,413	115,387	1,009,590	975,440
Revenue bonds	37,070,000	37,895,000	-	-	37,070,000	37,895,000
Other obligations	-	630,000	21,316,574	22,386,730	21,316,574	23,016,730
Totals	<u>\$ 61,831,683</u>	<u>\$ 65,088,809</u>	<u>\$ 39,277,187</u>	<u>\$ 41,649,917</u>	<u>\$ 101,108,870</u>	<u>\$ 106,738,726</u>

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

Expenses, such as employee costs, utilities, and commodities continue to increase. The use type taxes including the sales tax, transient guest tax and expanded lottery tax, increased modestly at 3.75%. Other revenue sources have remained stable. The City continues to maintain quality services. The General Fund fund balance increased from 2013.

The City of Dodge City has applied for and received a STAR Bond designation from the State of Kansas. The ideal outcome of this designation is to assist in attracting retail development to Dodge City. This will entail a retail district as well as the historic downtown district. The City continues to work on the Main Street project which may increase the viability of the downtown district. Included in this district will be the construction of a regional outdoor waterpark. Construction of this water park began in the spring of 2015. The City continues to work on several housing projects to improve the number and quality of the housing stock in Dodge City and authorizes incentives when necessary. Because of wind farm development in Ford County and existing business growth, the community continues to see modest growth.

The City of Dodge City continues its efforts to be the entertainment capital of Southwest Kansas. Because of the ½% sales tax authorized in 1997, the four projects on the ballot have been completed, are operational and have proved successful. These projects are: a motor sport race track; a softball/baseball complex and other athletic fields in the community; the air conditioning of the Civic Center; and a special events center. The City continues to enhance the original projects and has added onto these facilities with additional sports fields to appeal to all types of sports venues. With the addition of the State of Kansas's first destination casino which has been operational since December of 2009, the area west of Dodge City continues to grow. The Special Events Center is located adjacent to the casino, and a hotel opened in early 2011 at the same location. This whole area continues to be an entertainment district for Dodge City and Southwest Kansas.

As Dodge City and Ford County continues to grow, the City and its partners are working on the downtown area, the housing and recruitment of retail and industry to expand on what we have and to diversify the tourism and agriculture industry.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk and Finance Officer, 806 Second Avenue, Dodge City, Kansas 67801.

The separately issued financial statements of the component units may be obtained from administrative offices as follows:

Dodge City Public Library
1001 Second Avenue
Dodge City, KS 67801

Dodge City/Ford County Development Corporation
311 W. Spruce
Dodge City, KS 67801

Dodge City Housing Authority
407 E. Bend
Dodge City, KS 67801

BASIC FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION

December 31, 2014

	Primary government			Component units
	Governmental activities	Business-type activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 9,416,853	\$ 5,190,292	\$ 14,607,145	\$ 1,160,344
Investments	-	-	-	581,600
Property taxes receivable	7,218,316	-	7,218,316	-
Receivables, net	1,799,233	608,571	2,407,804	72,223
Due from other governments	209,332	-	209,332	-
Inventories	91,747	566,338	658,085	192,089
Notes receivable	-	-	-	175,337
Prepaid expense	-	-	-	9,129
Restricted cash and investments	16,636,511	749,719	17,386,230	-
Capital assets, net	101,617,739	66,157,681	167,775,420	9,585,136
Other noncurrent assets	1,293,676	419,812	1,713,488	22,395
Total assets	138,283,407	73,692,413	211,975,820	11,798,253
<u>LIABILITIES</u>				
Accounts payable	1,369,914	676,681	2,046,595	111,989
Salaries and benefits payable	252,538	45,187	297,725	-
Accrued interest payable	409,825	396,466	806,291	556,611
Other accrued liabilities	-	776,755	776,755	54,454
Deferred revenue	-	-	-	64,866
Compensated absences payable	886,285	122,413	1,008,698	117,802
Noncurrent liabilities:				
Due within one year	3,440,065	2,428,953	5,869,018	-
Due in more than one year	58,996,867	36,725,820	95,722,687	762,000
Total liabilities	65,355,494	41,172,275	106,527,769	1,667,722
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	7,218,316	-	7,218,316	-
Deferred gain on refunding	141,220	298,572	439,792	-
Contractual obligations	537,219	-	537,219	-
Total deferred inflows of resources	7,896,755	298,572	8,195,327	-
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	43,680,855	27,002,905	70,683,760	8,823,136
Restricted (expendable):				
Debt service	5,001,507	-	5,001,507	-
Construction	5,660,586	-	5,660,586	-
Projects	8,348,623	-	8,348,623	-
Housing Authority	-	-	-	7,176
Prospects and housing	-	-	-	134,400
Unrestricted	2,339,587	5,218,661	7,558,248	1,165,819
Total net position	\$ 65,031,158	\$ 32,221,566	\$ 97,252,724	\$ 10,130,531

The accompanying notes are an integral part of the basic financial statements.

CITY OF DODGE CITY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2014

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 3,684,889	\$ 86,726	\$ 713,642	\$ -
Public safety	8,262,534	1,290,890	19,101	35,999
Public works	3,425,434	213,175	1,067,666	1,394,492
Culture and recreation	9,804,166	2,267,800	151,265	533,013
Community services	1,631,388	123,985	908,646	681
Indirect depreciation	7,810,930	-	-	-
Interest on long-term debt	2,524,407	-	-	-
Total governmental activities	37,143,748	3,982,576	2,860,320	1,964,185
Business-type activities:				
Water/wastewater	8,828,454	8,948,956	826,597	-
Solid waste	1,706,985	1,850,204	-	-
Drainage	253,603	212,155	-	-
Total business-type activities	10,789,042	11,011,315	826,597	-
Total primary government	\$ 47,932,790	\$ 14,993,891	\$ 3,686,917	\$ 1,964,185
Component units	\$ 3,946,335	\$ 1,048,280	\$ 1,367,518	\$ 42,842

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes and special assessments, levied for debt service

Sales taxes

Franchise taxes

Expanded lottery taxes

Grants and contributions not restricted to specific programs

Contributed capital, net

Investment earnings

Transfers

Miscellaneous

Total general revenues, special items, and transfers

Change in net assets

Net position - beginning

Net position - ending

The accompanying notes are an integral part of the basic financial statements.

Changes in net position

Primary government			
Governmental activities	Business-type activities	Total	Component units
\$ (2,884,521)	\$ -	\$ (2,884,521)	\$ -
(6,916,544)	-	(6,916,544)	-
(750,101)	-	(750,101)	-
(6,852,088)	-	(6,852,088)	-
(598,076)	-	(598,076)	-
(7,810,930)	-	(7,810,930)	-
(2,524,407)	-	(2,524,407)	-
(28,336,667)	-	(28,336,667)	-
-	947,099	947,099	-
-	143,219	143,219	-
-	(41,448)	(41,448)	-
-	1,048,870	1,048,870	-
(28,336,667)	1,048,870	(27,287,797)	-
-	-	-	(1,487,695)
6,768,975	-	6,768,975	-
2,468,438	-	2,468,438	-
11,195,087	-	11,195,087	-
1,871,660	-	1,871,660	-
604,335	-	604,335	-
117,680	-	117,680	-
189	57,073	57,262	-
92,556	68,167	160,723	4,121
(188,909)	(1,065,540)	(1,254,449)	1,254,449
233,104	-	233,104	16,871
23,163,115	(940,300)	22,222,815	1,275,441
(5,173,552)	108,570	(5,064,982)	(212,254)
70,204,710	32,112,996	102,317,706	10,342,785
\$ 65,031,158	\$ 32,221,566	\$ 97,252,724	\$ 10,130,531

CITY OF DODGE CITY, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2014

	<u>General</u>	<u>Sales tax</u>
<u>ASSETS</u>		
Cash and investments	\$ 3,088,210	\$ -
Property taxes receivable	3,586,620	-
Sales taxes receivable	398,943	398,943
Due from other governments	-	-
Other receivables	560,100	295
Due from other funds	193,607	-
Inventories	34,594	-
Restricted cash and investments	-	3,328,400
	<u>-</u>	<u>3,328,400</u>
Total assets	<u>\$ 7,862,074</u>	<u>\$ 3,727,638</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 457,961	\$ 15,565
Payroll liabilities	228,454	2,937
Due to other funds	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>686,415</u>	<u>18,502</u>
Deferred inflows of resources:		
Property tax	3,586,620	-
Contractual obligations	-	-
Revolving loans	-	-
	<u>-</u>	<u>-</u>
Total deferred inflows of resources:	<u>3,586,620</u>	<u>-</u>
Fund balances:		
Nonspendable:		
Endowment	-	-
Inventory	34,594	-
Long-term receivables	-	-
Restricted:		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Committed:		
Projects	-	3,709,136
Assigned:		
Encumbrances	41,776	-
Other capital expenditures	-	-
Community service and promotion	-	-
Other purposes	-	-
Designated for subsequent year's expenditures	1,861,921	-
Unassigned	1,650,748	-
	<u>3,589,039</u>	<u>3,709,136</u>
Total fund balances	<u>3,589,039</u>	<u>3,709,136</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,862,074</u>	<u>\$ 3,727,638</u>

The accompanying notes are an integral part of the basic financial statements.

<u>GO bond and interest</u>	<u>Special events center revenue bonds</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ 10,956,758	\$ 14,044,968
1,748,625	-	1,883,071	7,218,316
-	-	-	797,886
-	-	259,276	259,276
-	-	391,008	951,403
-	-	-	193,607
-	-	41,289	75,883
<u>473,516</u>	<u>4,527,991</u>	<u>3,660,420</u>	<u>11,990,327</u>
<u>\$ 2,222,141</u>	<u>\$ 4,527,991</u>	<u>\$ 17,191,822</u>	<u>\$ 35,531,666</u>

\$ -	\$ -	\$ 881,115	\$ 1,354,641
-	-	18,558	249,949
-	-	193,607	193,607
<u>-</u>	<u>-</u>	<u>1,093,280</u>	<u>1,798,197</u>
1,748,625	-	1,883,071	7,218,316
-	-	537,219	537,219
-	-	286,103	286,103
<u>1,748,625</u>	<u>-</u>	<u>2,706,393</u>	<u>8,041,638</u>

-	-	100,000	100,000
-	-	-	34,594
-	-	242,537	242,537
473,516	4,527,991	-	5,001,507
-	-	3,118,723	3,118,723
-	-	9,977	9,977
-	-	-	3,709,136
-	-	396,598	438,374
-	-	5,521,409	5,521,409
-	-	795	795
-	-	640,412	640,412
-	-	3,704,594	5,566,515
-	-	(342,896)	1,307,852
<u>473,516</u>	<u>4,527,991</u>	<u>13,392,149</u>	<u>25,691,831</u>
<u>\$ 2,222,141</u>	<u>\$ 4,527,991</u>	<u>\$ 17,191,822</u>	<u>\$ 35,531,666</u>

CITY OF DODGE CITY, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

December 31, 2014

Total fund balances on the balance sheet	\$ 25,691,831
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	101,617,739
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the fund financial statements or they are reported as deferred.	1,293,676
Certain liabilities are not required to be accrued in the fund financial statements.	(409,825)
Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	(886,285)
Economic development revolving loans are considered deferred revenue in the fund financial statements.	286,103
Long-term liabilities, including bonds payable and deferred gain on refunding, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(62,578,152)
Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	<u>16,071</u>
Net position of governmental activities	<u>\$ 65,031,158</u>

CITY OF DODGE CITY, KANSAS

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year ended December 31, 2014

	<u>General</u>	<u>Sales tax</u>
Revenue:		
Taxes	\$ 11,161,295	\$ 6,103,310
Intergovernmental	127,127	-
Licenses, fees and permits	272,321	-
Charges for services	544,073	27,988
Rentals	190,340	5,895
Fines and forfeitures	1,003,788	-
Investment earnings	5,483	1,517
Contribution from property owners	-	-
Miscellaneous	42,748	5,000
	<u>13,347,175</u>	<u>6,143,710</u>
Total revenue		
Expenditures:		
General government	1,499,769	-
Public safety	7,865,121	-
Public works	1,554,712	-
Culture and recreation	1,952,902	1,192,412
Community services	465,678	-
Debt service:		
Principal	-	-
Interest and commissions	-	-
	<u>13,338,182</u>	<u>1,192,412</u>
Total expenditures		
Excess (deficiency) of revenue over expenditures	<u>8,993</u>	<u>4,951,298</u>
Other financing sources (uses):		
Debt issue proceeds	-	-
Transfers in	1,275,540	-
Transfers out	(420,255)	(4,736,825)
Transfers to component units	-	-
Total other financing sources and uses	<u>855,285</u>	<u>(4,736,825)</u>
Net change in fund balances	864,278	214,473
Fund balances, beginning of year	<u>2,724,761</u>	<u>3,494,663</u>
Fund balances, end of year	<u>\$ 3,589,039</u>	<u>\$ 3,709,136</u>

The accompanying notes are an integral part of the basic financial statements.

GO bond and interest	Special events center revenue bonds	Other governmental funds	Total governmental funds
\$ 2,302,289	\$ -	\$ 2,737,266	\$ 22,304,160
230,000	-	3,953,033	4,310,160
-	-	-	272,321
-	-	1,938,171	2,510,232
-	-	-	196,235
-	-	-	1,003,788
-	72,920	12,636	92,556
-	-	679,549	679,549
-	-	301,960	349,708
<u>2,532,289</u>	<u>72,920</u>	<u>9,622,615</u>	<u>31,718,709</u>
20,108	-	2,174,666	3,694,543
-	-	263,152	8,128,273
-	-	4,906,257	6,460,969
-	-	4,014,930	7,160,244
-	-	2,158,967	2,624,645
2,855,400	825,000	-	3,680,400
832,392	1,703,840	-	2,536,232
<u>3,707,900</u>	<u>2,528,840</u>	<u>13,517,972</u>	<u>34,285,306</u>
<u>(1,175,611)</u>	<u>(2,455,920)</u>	<u>(3,895,357)</u>	<u>(2,566,597)</u>
678,989	-	-	678,989
459,984	2,772,454	2,577,325	7,085,303
(26,192)	-	(836,492)	(6,019,764)
-	-	(1,254,448)	(1,254,448)
<u>1,112,781</u>	<u>2,772,454</u>	<u>486,385</u>	<u>490,080</u>
(62,830)	316,534	(3,408,972)	(2,076,517)
536,346	4,211,457	16,801,121	27,768,348
<u>\$ 473,516</u>	<u>\$ 4,527,991</u>	<u>\$ 13,392,149</u>	<u>\$ 25,691,831</u>

CITY OF DODGE CITY, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2014

Net change in fund balances, total governmental funds \$ (2,076,517)

Amounts reported for governmental activities in the statement of activities are
different because of the following:

Capital assets:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives as depreciation expense. This is the amount by which depreciation
expense exceeded capital outlays in the current period. (6,274,605)

Long-term liabilities:

Long-term liabilities are reported in the statement of net assets. This is the amount
by which repayments exceeded proceeds. 3,088,911
Bond issue costs are included in expenditures in the fund financial statements. 20,108
Amortization of bond issuance costs and deferred amounts. 3,801
Accrued interest is an expense in the statement of activities. 11,825
Capital lease payments are recorded as expenditures in the fund financial statements. 30,520

Other:

Principal received on economic development revolving loans provides current financial
resources to governmental funds, and loans made are included in expenditures.
This is the amount by which principal repayments exceeded loans made. 48,255
Only the current portion of compensated absences is shown as an expenditure in the
fund financial statements. (25,056)
Internal service funds are used by management to charge the cost of certain activities,
such vehicle maintenance, to individual funds. The net revenue (expense) of the
internal service fund is reported with governmental activities. (790)
Rounding. (4)

Change in net position of governmental activities \$ (5,173,552)

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2014

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 4,160,949	\$ 696,641
Receivables, net	497,314	99,108
Inventories	566,338	-
Total current assets	5,224,601	795,749
Noncurrent assets:		
Restricted cash and cash equivalents	749,719	-
Capital assets:		
Land	1,508,692	18,200
Buildings and improvements	36,104,284	64,804
Furniture and equipment	3,853,067	2,586,575
Utility systems	49,578,356	-
Water rights	3,542,614	-
Construction in progress	834,549	-
Less accumulated depreciation and amortization	(30,057,924)	(2,507,656)
Deferred bond issue costs	419,812	-
Total noncurrent assets	66,533,169	161,923
Total assets	\$ 71,757,770	\$ 957,672
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 634,330	\$ 37,868
Payroll liabilities	29,178	14,357
Accrued interest payable	396,466	-
GO bonds payable	374,000	-
Revenue bonds payable	980,000	-
Loan payable	1,074,953	-
Total current liabilities	3,488,927	52,225
Noncurrent liabilities:		
GO bonds payable	6,104,200	-
Revenue bonds payable	10,380,000	-
Loan payable	20,241,620	-
Deferred gain on bond refunding	298,572	-
Bond premium	776,755	-
Compensated absences payable	60,024	60,575
Total noncurrent liabilities	37,861,171	60,575
Total liabilities	41,350,098	112,800

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 332,702	\$ 5,190,292	\$ 18,069
12,149	608,571	-
-	566,338	15,864
344,851	6,365,201	33,933
-	749,719	-
-	1,526,892	-
-	36,169,088	-
4,865	6,444,507	65,770
1,126,682	50,705,038	-
-	3,542,614	-
-	834,549	-
(499,427)	(33,065,007)	(64,294)
-	419,812	-
632,120	67,327,212	1,476
\$ 976,971	\$ 73,692,413	\$ 35,409
\$ 4,483	\$ 676,681	\$ 15,273
1,652	45,187	2,589
-	396,466	-
-	374,000	-
-	980,000	-
-	1,074,953	-
6,135	3,547,287	17,862
-	6,104,200	-
-	10,380,000	-
-	20,241,620	-
-	298,572	-
-	776,755	-
1,814	122,413	11,376
1,814	37,923,560	11,376
7,949	41,470,847	29,238

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS (CONTINUED)

December 31, 2014

	Business-type activities Enterprise funds	
	<u>Water/ wastewater</u>	<u>Solid waste</u>
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	\$ 26,208,863	\$ 161,922
Unrestricted	<u>4,198,809</u>	<u>682,950</u>
Total net position	<u>30,407,672</u>	<u>844,872</u>
Total liabilities and net position	<u>\$ 71,757,770</u>	<u>\$ 957,672</u>

The accompanying notes are an integral part of the basic financial statements.

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 632,120	\$ 27,002,905	\$ 3,584
336,902	5,218,661	2,587
969,022	32,221,566	6,171
\$ 976,971	\$ 73,692,413	\$ 35,409

CITY OF DODGE CITY, KANSAS

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

Year ended December 31, 2014

	Business-type activities Enterprise funds	
	<u>Water/ wastewater</u>	<u>Solid waste</u>
Operating revenue:		
Charges for services	<u>\$ 8,948,956</u>	<u>\$ 1,850,204</u>
Operating expenses:		
Personal services	1,301,454	808,197
Contractual services	3,878,895	466,293
Repairs and maintenance	151,327	93,703
Other supplies and expenses	489,732	217,884
Capital outlay	28,725	130
Other expense	62,092	6,769
Depreciation	<u>1,705,257</u>	<u>114,009</u>
Total operating expense	<u>7,617,482</u>	<u>1,706,985</u>
Operating income (loss)	<u>1,331,474</u>	<u>143,219</u>
Nonoperating revenue (expense):		
Operating grants	826,597	-
Interest and investment revenue	67,653	349
Interest expense	<u>(1,210,972)</u>	<u>-</u>
Total nonoperating revenue (expense)	<u>(316,722)</u>	<u>349</u>
Income (loss) before other revenue, expenses and transfers	1,014,752	143,568
Other revenue, expenses and transfers:		
Contributed capital, net	57,073	-
Transfers out	<u>(850,660)</u>	<u>(177,800)</u>
Change in net assets	221,165	(34,232)
Total net position beginning of year	<u>30,186,507</u>	<u>879,104</u>
Total net position end of year	<u><u>\$ 30,407,672</u></u>	<u><u>\$ 844,872</u></u>

The accompanying notes are an integral part of the basic financial statements.

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
<u>\$ 212,155</u>	<u>\$ 11,011,315</u>	<u>\$ 380,784</u>
56,704	2,166,355	114,473
142,742	4,487,930	523
-	245,030	71,096
9,061	716,677	193,373
3,461	32,316	-
455	69,316	-
41,180	1,860,446	2,298
<u>253,603</u>	<u>9,578,070</u>	<u>381,763</u>
<u>(41,448)</u>	<u>1,433,245</u>	<u>(979)</u>
-	826,597	-
165	68,167	-
<u>-</u>	<u>(1,210,972)</u>	<u>-</u>
<u>165</u>	<u>(316,208)</u>	<u>-</u>
(41,283)	1,117,037	(979)
-	57,073	189
<u>(37,080)</u>	<u>(1,065,540)</u>	<u>-</u>
(78,363)	108,570	(790)
<u>1,047,385</u>	<u>32,112,996</u>	<u>6,961</u>
<u>\$ 969,022</u>	<u>\$ 32,221,566</u>	<u>\$ 6,171</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended December 31, 2014

	Business-type activities Enterprise funds	
	<u>Water/ wastewater</u>	<u>Solid waste</u>
Cash flows from operating activities:		
Receipts from customers	\$ 9,619,945	\$ 1,845,251
Payments for goods and services	(4,189,006)	(781,169)
Payments to employees	(1,299,829)	(801,317)
	<u>4,131,110</u>	<u>262,765</u>
Cash flows from noncapital financing activities:		
Operating grants	826,597	-
Operating subsidies to other funds	(850,660)	(177,800)
	<u>(24,063)</u>	<u>(177,800)</u>
Cash flows from capital and related financing activities:		
Proceeds of capital debt	264,596	-
Purchases of capital assets	(834,480)	(971)
Principal paid on capital debt	(2,644,352)	-
Interest paid on capital debt	(1,331,225)	-
	<u>(4,545,461)</u>	<u>(971)</u>
Cash flows from investing activities:		
Interest and dividends	67,653	349
	<u>(370,761)</u>	<u>84,343</u>
Balances, beginning of year	5,281,429	612,298
Balances, end of year	<u>\$ 4,910,668</u>	<u>\$ 696,641</u>
Cash and cash equivalents	\$ 4,160,949	\$ 696,641
Restricted cash and cash equivalents	749,719	-
Total balance, end of year	<u>\$ 4,910,668</u>	<u>\$ 696,641</u>

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 211,644	\$ 11,676,840	\$ 380,783
(152,736)	(5,122,911)	(265,336)
(55,635)	(2,156,781)	(112,036)
3,273	4,397,148	3,411
-	826,597	-
(37,080)	(1,065,540)	-
(37,080)	(238,943)	-
-	264,596	-
-	(835,451)	-
-	(2,644,352)	-
-	(1,331,225)	-
-	(4,546,432)	-
165	68,167	-
(33,642)	(320,060)	3,411
366,344	6,260,071	14,658
\$ 332,702	\$ 5,940,011	\$ 18,069
\$ 332,702	\$ 5,190,292	\$ 18,069
-	749,719	-
\$ 332,702	\$ 5,940,011	\$ 18,069

CITY OF DODGE CITY, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2014

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,331,474	\$ 143,219
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,705,257	114,009
Prepaid expense	136,178	-
Change in assets and liabilities:		
Receivables, net	670,989	(4,953)
Inventories	(99,131)	-
Accounts and other payables	386,343	10,490
Net cash provided (used) by operating activities	<u>\$ 4,131,110</u>	<u>\$ 262,765</u>
Noncash transaction:		
Contributed capital	<u>\$ 57,073</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

Business-type activities Enterprise funds		Governmental activities
<u>Drainage utility</u>	<u>Total</u>	<u>Internal service fund</u>
\$ (41,448)	\$ 1,433,245	\$ (979)
41,180	1,860,446	2,298
-	136,178	-
(511)	665,525	-
-	(99,131)	(4,134)
<u>4,052</u>	<u>400,885</u>	<u>6,226</u>
<u>\$ 3,273</u>	<u>\$ 4,397,148</u>	<u>\$ 3,411</u>
<u>\$ -</u>	<u>\$ 57,073</u>	<u>\$ -</u>

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION MAJOR COMPONENT UNITS

December 31, 2014

	Dodge City Public Library	Dodge City- Ford County Development Corporation	Dodge City Housing Authority	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 623,992	\$ 317,551	\$ 218,801	\$ 1,160,344
Investments	-	-	581,600	581,600
Accounts receivable, net	-	-	35,723	35,723
Grants receivable, net	-	36,500	-	36,500
Inventory	-	152,116	39,973	192,089
Notes receivable	-	116,135	59,202	175,337
Prepaid expense	-	-	9,129	9,129
Other noncurrent assets	-	22,395	-	22,395
Capital assets, net	970,322	1,062,068	7,552,746	9,585,136
Total assets	<u>\$ 1,594,314</u>	<u>\$ 1,706,765</u>	<u>\$ 8,497,174</u>	<u>\$11,798,253</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 4,922	\$ 24,602	\$ 82,465	\$ 111,989
Accrued interest payable	-	556,611	-	556,611
Compensated absences payable	72,062	24,928	20,812	117,802
Deposits and deferred revenue	-	58,359	6,507	64,866
Other accrued liabilities	-	-	54,454	54,454
Long-term liabilities:				
Due in more than one year	-	762,000	-	762,000
Total liabilities	<u>76,984</u>	<u>1,426,500</u>	<u>164,238</u>	<u>1,667,722</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	970,322	300,068	7,552,746	8,823,136
Restricted:				
Housing Authority	-	-	7,176	7,176
Temporarily restricted	-	134,400	-	134,400
Unrestricted	547,008	(154,203)	773,014	1,165,819
Total net position	<u>1,517,330</u>	<u>280,265</u>	<u>8,332,936</u>	<u>10,130,531</u>
Total liabilities and net position	<u>\$ 1,594,314</u>	<u>\$ 1,706,765</u>	<u>\$ 8,497,174</u>	<u>\$11,798,253</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF DODGE CITY, KANSAS

STATEMENT OF ACTIVITIES MAJOR COMPONENT UNITS

Year ended December 31, 2014

	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Dodge City Public Library				
Culture and recreation	\$ 1,214,330	\$ 28,548	\$ 65,785	\$ -
Depreciation	101,780	-	-	-
Total Dodge City Public Library	1,316,110	28,548	65,785	-
Dodge City-Ford County Development Corporation				
Community services	572,499	192,790	535,337	9,250
Depreciation	2,941	-	-	-
Total Dodge City-Ford County Development Corporation	575,440	192,790	535,337	9,250
Dodge City Housing Authority				
Operations	1,531,195	826,942	766,396	33,592
Depreciation	523,590	-	-	-
Total Dodge City Housing Authority	2,054,785	826,942	766,396	33,592
Total component units	\$ 3,946,335	\$ 1,048,280	\$ 1,367,518	\$ 42,842

General revenues:
Investment earnings
Transfer from primary government
Miscellaneous

Total general revenues

Change in net assets
Net position - beginning

Net position - ending

The accompanying notes are an integral part of the basic financial statements.

Changes in net position

Dodge City Public Library	Dodge City- Ford County Development Corporation	Dodge City Housing Authority	Totals
\$ (1,119,997)	\$ -	\$ -	\$ (1,119,997)
(101,780)	-	-	(101,780)
(1,221,777)	-	-	(1,221,777)
-	164,878	-	164,878
-	(2,941)	-	(2,941)
-	161,937	-	161,937
-	-	95,735	95,735
-	-	(523,590)	(523,590)
-	-	(427,855)	(427,855)
(1,221,777)	161,937	(427,855)	(1,487,695)
584	-	3,537	4,121
1,254,449	-	-	1,254,449
3,483	-	13,388	16,871
1,258,516	-	16,925	1,275,441
36,739	161,937	(410,930)	(212,254)
1,480,591	118,328	8,743,866	10,342,785
\$ 1,517,330	\$ 280,265	\$ 8,332,936	\$ 10,130,531

CITY OF DODGE CITY, KANSAS

BUDGETARY COMPARISON STATEMENT GENERAL FUND

Year ended December 31, 2014

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget positive (negative)
Budgetary fund balance, beginning of year	\$ 1,575,123	\$ 1,575,123	\$ 1,807,920	\$ 232,797
Resources (inflows):				
Taxes	10,734,637	10,734,637	11,130,454	395,817
Intergovernmental	120,300	120,300	127,127	6,827
Licenses, fees and permits	220,650	220,650	272,321	51,671
Charges for services	574,700	574,700	544,073	(30,627)
Rentals	80,000	80,000	190,340	110,340
Fines and forfeitures	1,159,500	1,159,500	960,964	(198,536)
Investment earnings	20,000	20,000	5,483	(14,517)
Miscellaneous	5,000	5,000	36,476	31,476
Transfers from other funds	1,365,540	1,365,540	1,275,540	(90,000)
Amounts available for appropriation	15,855,450	15,855,450	16,350,698	495,248
Charges to appropriations (outflows):				
General government	3,368,210	3,368,210	1,515,989	1,852,221
Public safety	8,090,028	8,090,028	8,029,263	60,765
Public works	1,606,673	1,606,673	1,704,752	(98,079)
Culture and recreation	1,711,905	1,711,905	2,073,544	(361,639)
Community services	633,653	633,653	473,524	160,129
Transfers to other funds	444,981	444,981	-	444,981
Total charges to appropriations	15,855,450	15,855,450	13,797,072	2,058,378
Budgetary fund balance, end of year	\$ -	\$ -	\$ 2,553,626	\$ 2,553,626

The accompanying notes are an integral part of the basic financial statements.

CITY OF DODGE CITY, KANSAS

BUDGETARY COMPARISON STATEMENT SALES TAX FUND

Year ended December 31, 2014

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget positive (negative)
Budgetary fund balance, beginning of year	\$ 4,607,651	\$ 3,115,914	\$ 3,115,914	\$ -
Resources (inflows):				
Taxes	5,947,000	5,947,000	6,083,115	136,115
Charges for services	25,000	25,000	27,988	2,988
Rentals	-	-	5,895	5,895
Investment earnings	5,000	5,000	1,517	(3,483)
Miscellaneous	-	-	4,705	4,705
Amounts available for appropriation	10,584,651	9,092,914	9,239,134	146,220
Charges to appropriations (outflows):				
Culture and recreation	2,439,845	2,862,845	1,202,912	1,659,933
Transfers to other funds	3,280,000	3,435,140	4,736,825	(1,301,685)
Total charges to appropriations	5,719,845	6,297,985	5,939,737	358,248
Budgetary fund balance, end of year	\$ 4,864,806	\$ 2,794,929	\$ 3,299,397	\$ 504,468

The accompanying notes are an integral part of the basic financial statements.

CITY OF DODGE CITY, KANSAS

BUDGETARY COMPARISON STATEMENT BUDGET TO GAAP RECONCILIATION

Year ended December 31, 2014

	General fund	Sales tax fund
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison statement	\$ 16,350,698	\$ 9,239,134
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(1,807,920)	(3,115,914)
Current year sales tax and other receivable amounts are not a budgetary resource, but they are revenues for financial reporting purposes.	959,043	399,238
Prior year sales tax and other receivable amounts are a budgetary resource, but they are not revenues for financial reporting purposes.	(879,106)	(378,748)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(1,275,540)	-
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 13,347,175</u>	<u>\$ 6,143,710</u>
Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison statement	\$ 13,797,072	\$ 5,939,737
Differences, budget to GAAP:		
Current year encumbrances are included as a budgetary outflow.	(41,776)	(10,500)
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	-	(4,736,825)
Certain transfers were reclassified to expenditures for budgetary purposes.	(420,255)	-
Inventory purchases are included as a budgetary outflow, but are reported as expense when the inventory is sold for financial reporting purposes.	3,141	-
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 13,338,182</u>	<u>\$ 1,192,412</u>

The accompanying notes are an integral part of the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2014

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dodge City was incorporated under the laws of the State of Kansas and operates under a City Manager-Commission form of government. The City's major operations include police and fire protection, water wastewater, solid waste and drainage utility services, airport and recreational facilities.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

1. Financial reporting entity

These financial statements present the City of Dodge City (the primary government) and its component units. As defined by GASB Statement No. 14 and clarified by GASB Statement No. 39, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

Component units. In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

Discretely presented component units. The component units column in the government-wide financial statements includes the financial data of the City's major component units. These units are reported in a separate column to emphasize that they are legally separate from the City.

Dodge City Public Library: The members of the governing board of the Public Library are appointed by the City Commissioners. The Public Library is fiscally dependent on the City because the budget is approved by the City Commissioners. In addition, the Public Library is prohibited from issuing bonded debt without the approval of the City Commission.

Dodge City - Ford County Development Corporation: Two members of the Corporation's board of directors are appointed by the City Commissioners. The Corporation is fiscally dependent on the City because nearly all employees of the Corporation are paid by the City and are accountable to the City Manager and Commissioners.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial reporting entity (continued)

Dodge City Housing Authority: The members of the governing board of the Housing Authority are appointed by the City Commission. Although the City does not have the authority to approve or modify the Housing Authority's operational and capital budgets, and the Housing Authority has the authority to issue bonded debt, the City is fiscally responsible for the Housing Authority since it was created as an agent of the City. The Housing Authority uses the accrual basis of accounting and consists of one enterprise fund. The Housing Authority has a fiscal year ending September 30, and the financial data included in the discrete presentation are as of and for the year ended September 30, 2014.

Complete financial statements of each of the individual major component units can be obtained directly from their administrative offices.

Administrative Offices:

Dodge City Public Library
1001 Second Avenue
Dodge City, Kansas 67801

Dodge City - Ford County Development Corporation
311 W. Spruce
Dodge City, Kansas 67801

Dodge City Housing Authority
407 E. Bend
Dodge City, Kansas 67801

2. Basic financial statements - government-wide statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general government, public safety, public works, culture and recreation and community services functions are classified as governmental activities. The water/wastewater, solid waste and drainage utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Restricted net position includes those restricted for debt service, construction and sales tax projects. The City first utilizes restricted resources to finance qualifying activities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basic financial statements - government-wide statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's governmental functions and business-type activities. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity. Governmental charges for services include licenses, fees and permits, rentals, fines and forfeitures, and charges for recreational activities. Business-type charges (operating revenue) include charges for utility services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All internal activity has been eliminated.

The net costs (by governmental function or business-type activity) are normally covered by general government revenues such as property taxes, intergovernmental revenues, and interest income.

The City does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the governmental functions categories.

This government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

3. Basic financial statements - fund financial statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets and deferred outflows of resources, liabilities and deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following funds are used by the City:

a. Governmental Funds:

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

General fund is the primary operating fund of the City. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term debt other than that payable from enterprise funds.

Capital projects funds are used to account for major capital expenditures not financed by enterprise funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

a. Governmental Funds (continued):

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

b. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues include charges for services; non-operating revenues include investment income, operating grants and contributions.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the City on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate governmental functional activity (general government, public safety, public works, etc.). Internal services are provided through the Vehicle Maintenance Fund.

c. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net position and are reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City may electively add funds as major funds. The nonmajor funds are combined in one column in the fund financial statements. Major governmental funds are the General, Sales Tax and GO Bond and Interest Funds. The major business-type fund is the Water/Wastewater Fund. The City has elected to include the Special Events Center Revenue Bonds, Solid Waste, and Drainage Utility Funds as major funds, which either had debt outstanding or specific community focus.

4. Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred inflows of resources, liabilities and deferred outflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement focus and basis of accounting (continued)

Basis of Accounting (continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

6. Budgetary control

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. Budgets were amended for the following funds:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgetary control (continued)

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Sales Tax Fund – Special Projects	\$ 5,719,845	\$ 6,297,985
Convention and Visitors	875,117	905,100
Capital Improvement	531,020	581,020
Special Alcohol & Drug	100,000	106,000
Transportation	348,740	408,740

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for the General Fund and major special revenue funds showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for state and federal grant funds, donation funds, reserve funds, capital projects funds, agency funds and the following special revenue funds:

Special Revenue:

- Building
- Sales Tax Organizations
- Special Law Enforcement Trust
- Economic Development Revolving
- Hoover Trust
- Roof Insurance Repairs
- Medical Insurance Reserve
- Capital Equipment Reserve
- Underage Alcohol Abuse
- DARE
- Fire CPR Training
- Meadowlark House
- Special Events Center
- SMPC Trust
- Municipal Band
- Sales Tax Event
- Rural Housing Incentive District
- Transient Guest Tax 2%

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERS) or the Kansas Police and Firemen's Retirement System (KP&F), both of which are cost-sharing multiple-employer state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

8. Section 125 plan

The City offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by the health insurance provider.

9. Health savings account

The City offers eligible employees a health savings account administered by Fidelity State Bank. It is optional for employees to participate in the City's high deductible health plan. The City's match for the HSA is \$750 for family and \$250 for single.

10. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Financial statement amounts

a. Pooled cash

To facilitate better management of the City's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the appropriate funds based on the average monthly balance of cash and temporary investments included in the combined pool of cash and temporary investments.

b. Investments and restricted cash

Investments consist of time deposits, certificates of deposit, the State Municipal Investment Pool and repurchase agreements. The investment pool is administered by a board consisting of the State Treasurer and four additional members appointed by the Governor of the State of Kansas. Investments are reported at fair value (which is the same as cost) in the statement of net position. Unrealized gains and losses are included in the change in net position.

Enterprise funds and sales tax revenue bond project funds, based on certain bond covenants, are required to establish and maintain a prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. These amounts are restricted cash. Cash in capital projects funds and the Sales Tax Fund is restricted for the corresponding project.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

c. Cash and cash equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased.

d. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include trade accounts receivable for miscellaneous charges, and receivables from other governments for grant funding. Business-type activities report utility service charges as accounts receivable. An allowance for doubtful receivables is not considered necessary because receivables are written off when they become uncollectible.

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk allocates the annual assessment to the taxing units. Taxes are levied by November 1, and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed by January 20 and the second half is due May 10 and distributed by June 5. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes have been deferred and are not reflected in revenue.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue.

e. Inventories

Inventories in the general fund consist of merchandise held for resale and are carried at the lower of cost (first-in, first-out) or market.

Inventories in the proprietary funds consist of expendable supplies held for the City's use and are carried at the lower of cost (first-in, first-out) or market.

Dodge City - Ford County Development Corporation abandoned housing inventory consists of lots and houses in process of rehabilitation and are stated at the lower of cost or market, determined by the specific identification method.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

f. Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation/amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-50 years
Furniture and equipment	5-10 years
Utility systems	25-50 years
General infrastructure	10-50 years
Water rights	50 years

12. Deferred bond issue costs

Deferred bond issue costs are being amortized on the straight-line basis over the respective lives of the bonds.

13. Deferred outflows of resources

In addition to assets, the statement of position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents decreases in net position that relates to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. No deferred outflows of resources affect the governmental funds or enterprise funds financial statements in the current year.

14. Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase in net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. In addition, the City has a deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The City also has contractual obligations reported in the government-wide statement of net position. The contractual obligations will be met in the subsequent period.

On the modified accrual basis of accounting, the City has recorded revolving loan receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Compensated absences

The City's policies regarding vacation permit an employee to accumulate a maximum of 20 to 30 days of vacation, depending on years of experience. These amounts are paid to the employee upon retirement or if the employee left on good standing. A maximum accumulation of 120 days of sick leave is allowed. Upon retirement or termination, 25% of the accumulated sick leave is paid to employees in good standing and with twelve continuous months of service. The City has a sick leave bank whereby employees can transfer excess sick leave to a bank to be used by employees who are on extended sick leave and have exhausted their own sick leave accumulation. The sick leave bank is administered by a committee of City employees. All employees are given credit for holidays worked, which is then accumulated for additional time off. This holiday time must be taken within the same year in which earned or the time is lost.

The liabilities for accrued vacation, sick leave and holiday time have been recorded in the respective funds, representing the City's commitment to fund such costs from future operations. The liabilities are based on current salary costs and the vested portion of accumulated benefits.

16. Government-wide and proprietary fund net position

Government-wide and proprietary fund net position is divided into three components:

- a. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – consist of net position that is restricted by creditors, by state enabling legislation, by grantors, and by other contributors.
- c. Unrestricted net position – all other net position is reported under this category.

17. Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

- d. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- e. Restricted – Amounts that can be spent only for specific purposes due to City resolutions, state or federal laws, or externally imposed conditions by grantors and creditors.
- f. Committed – Amounts that can be used only for specific purposes determined by a formal action by City Commissioners resolution.
- g. Assigned – Amounts that are designated by the City Commissioners or management for a particular purpose but are not spendable until there is formal approval.
- h. Unassigned – All amounts not included in other spendable classifications.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

18. Special assessments

Projects financed in part by special assessments are financed through issuance of ~~general obligation bonds of the City and are retired from the bond and interest fund.~~ Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project fund. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund or the appropriate capital project fund.

19. Interfund activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

20. Other post employment benefits

As provided by K.S.A. 12-5040, the City allows eligible retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements, because it is not considered material.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and interpretation by the legal representatives of the City.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Budgeted and actual expenditures for the year ended December 31, 2014 are as follows:

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 15,855,450	\$ 13,779,052	\$ 2,076,398
Special Liability	914,995	585,844	329,151
Library	948,174	948,174	-
Library Employee Benefits	306,275	306,275	-
Sales Tax	6,297,985	5,939,736	358,249
Convention and Visitors	905,100	885,924	19,176
Special Streets and Highways	889,780	774,903	114,877
Special Park and Recreation	90,000	90,000	-
Special Alcohol and Drug	106,000	107,000	(1,000)
Alcohol and Drug Safety Action	16,908	12,827	4,081
All 4 Fun	75,000	3,576	71,424
Development & Growth	950,000	889,842	60,158
GO Bond and Interest	3,172,210	3,049,762	122,448
Water/Wastewater	10,942,746	9,371,386	1,571,360
Solid Waste	1,937,859	1,757,969	179,890
Drainage Utility	428,625	124,535	304,090
Vehicle Maintenance	408,740	381,534	27,206

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in excess of available monies in a fund. Although certain special revenue federal grant funds overspent their cash balances, according to K.S.A. 12-1664, the City is not prohibited from financing the federal share of a local program from current funds if available. Funds in the category are as follows:

FAA Parking Lot	\$ 150,000
Wildlife Hazard Assessment	35,250
CDBG Boothill District Grant	105
Minibus Grant 2013-2014	5,824
Municipal Band	2,428

C. DEPOSITS AND INVESTMENTS

Policy. The City does not have a formal policy for bank account deposits; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the City's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

The investment policy of the City includes money market accounts and certificates of deposit which are considered deposits for financial accounting purposes. It also includes financial instruments such as U.S. Government obligations, money markets and the State Municipal Investment Pool. This policy requires the City to follow state statutes for investments. Statutes name the types of investments allowed and also require depository security coverage and that securities be titled in the name of the municipality.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the City to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year-end the carrying amount of the City's deposits, including certificates of deposit, was \$13,572,224 and the bank balance was \$13,669,505. Of the bank balance, \$750,000 was covered by FDIC insurance, and \$12,919,505 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Investments. As of December 31, 2014, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$13,790,541	(See below)	AAAF
Federal Home Loan Mortgage Corp.	1,128,263	03/18/17	AAA
Federal National Mortgage Assn.	1,132,526	12/20/17	AAA
Escrow Accounts – Dreyfus	2,267,203	N/A	AAAm
Money Market Funds – UMB	<u>116,611</u>	N/A	AAAm
	<u>\$18,435,144</u>		

At December 31, 2014, the City had invested \$13,790,541 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Separately issued financial statements of the Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

Credit quality risk. Investment quality ratings given above are per Standard & Poor's, and they are as of December 31, 2014.

Concentration of credit risk. Investment types and percents at cost are as follows: Kansas Municipal Investment Pool 75%, U.S. Government Securities 12%, Dreyfus escrow accounts 12%, and UMB money market funds 1%.

Interest Rate Risk. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

D. RECEIVABLES

Receivables at December 31, 2014 consist of the following:

	Governmental activities	Business-type activities	Total
Miscellaneous charges receivable	\$ 665,300	\$ 142,150	\$ 807,450
Water charges receivable	-	177,218	177,218
Wastewater charges receivable	-	181,084	181,084
Solid waste charges receivable	-	96,227	96,227
Drainage utility charges receivable	-	11,892	11,892
Loans receivable	286,103	-	286,103
Sales tax receivable	797,886	-	797,886
Expanded lottery tax receivable	49,944	-	49,944
Net receivables	<u>\$ 1,799,233</u>	<u>\$ 608,571</u>	<u>\$ 2,407,804</u>

E. LOANS RECEIVABLE

Loans receivable of the Economic Development Revolving Fund are as follows:

In 2006, the City issued \$70,000 and \$192,500 revolving loans to two local companies from funds paid in retirement of original Community Development Block Grant revolving loans. In 2007, \$35,000 was added to the \$70,000 loan. The loans at six percent are to be repaid over a period of eleven years. At December 31, 2014 the loan balances were \$64,950 and \$50,276, respectively.

In 2007, the City issued a \$90,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of nine years. At December 31, 2014, the loan balance was \$38,501.

In 2008, the City issued a \$75,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2014 the loan balance was \$14,779.

In 2010, the City issued a \$30,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2014 the loan balance was \$13,671.

In 2011, the City issued a \$21,200 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2014 the loan balance was \$10,637.

In 2014, the City issued a \$100,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six and one-half percent is to be repaid over a period of seven years. At December 31, 2014 the loan balance was \$93,289.

F. CAPITAL ASSETS

A summary of changes in property and equipment of primary government follows:

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Land	\$ 5,582,267	\$ -	\$ -	\$ 5,582,267
Buildings and improvements	56,183,334	347,590	60,737	56,470,187
Machinery and equipment	23,557,621	670,359	316,571	23,911,409
Infrastructure	221,964,197	-	-	221,964,197
Construction in progress	1,070,720	3,241,785	-	4,312,505
Total capital assets at historical cost	308,358,139	4,259,734	377,308	312,240,565
Less accumulated depreciation for:				
Buildings and improvements	10,368,016	1,121,988	22,776	11,467,228
Machinery and equipment	11,027,980	1,714,274	304,446	12,437,808
Infrastructure	178,906,860	7,810,930	-	186,717,790
Total accumulated depreciation	200,302,856	10,647,192	327,222	210,622,826
Governmental activities capital assets, net	\$ 108,055,283	\$ (6,387,458)	\$ 50,086	\$101,617,739

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Land	\$ 1,526,892	\$ -	\$ -	\$ 1,526,892
Buildings and improvements	36,156,242	12,846	-	36,169,088
Machinery and equipment	6,415,708	36,436	7,637	6,444,507
Infrastructure	50,580,173	124,865	-	50,705,038
Water rights	3,542,614	-	-	3,542,614
Construction in progress	114,434	720,116	-	834,550
Total capital assets at historical cost	98,336,063	894,263	7,637	99,222,689
Less accumulated depreciation/ amortization for:				
Buildings and improvements	12,200,900	528,885	-	12,729,785
Machinery and equipment	5,352,989	273,252	5,897	5,620,344
Infrastructure	13,212,477	996,282	-	14,208,759
Water rights	444,093	62,027	-	506,120
Total accumulated depreciation	31,210,459	1,860,446	5,897	33,065,008
Business-type activities capital assets, net	\$ 67,125,604	\$ (966,183)	\$ 1,740	\$ 66,157,681

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 53,137
Public safety	269,536
Public works	227,185
Culture and recreation	2,236,689
Community services	47,418
Indirect depreciation	7,810,930
Internal service	2,297
Total governmental activities	<u>\$10,647,192</u>

F. CAPITAL ASSETS (CONTINUED)

Business-type activities:	
Water wastewater	\$ 1,705,257
Solid waste	114,009
Drainage	<u>41,180</u>
Total business-type activities	<u>\$ 1,860,446</u>

A summary of changes in property and equipment of material governmental component units follows:

<u>Dodge City Public Library</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Culture and recreation:				
Land	\$ 338,171	\$ -	\$ -	\$ 338,171
Buildings and improvements	1,965,741	-	-	1,965,741
Furniture and equipment	<u>620,992</u>	<u>12,242</u>	<u>7,498</u>	<u>625,736</u>
Total capital assets at historical cost	<u>2,924,904</u>	<u>12,242</u>	<u>7,498</u>	<u>2,929,648</u>
Less accumulated depreciation for:				
Buildings and improvements	1,392,447	69,107	-	1,461,554
Furniture and equipment	<u>472,597</u>	<u>32,673</u>	<u>7,498</u>	<u>497,772</u>
Total accumulated depreciation	<u>1,865,044</u>	<u>101,780</u>	<u>7,498</u>	<u>1,959,326</u>
Governmental activities capital assets, net	<u>\$ 1,059,860</u>	<u>\$ (89,538)</u>	<u>\$ -</u>	<u>\$ 970,322</u>

<u>Development Corporation</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Community services:				
Industrial park land and improvements	\$ 1,053,282	\$ -	\$ -	\$ 1,053,282
Furniture and equipment	<u>63,497</u>	<u>3,150</u>	<u>-</u>	<u>66,647</u>
	1,116,779	3,150	-	1,119,929
Less accumulated depreciation for furniture and equipment	<u>54,920</u>	<u>2,941</u>	<u>-</u>	<u>57,861</u>
Governmental activities capital assets, net	<u>\$ 1,061,859</u>	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ 1,062,068</u>

The industrial park land and improvements represent lots at the industrial park which are held for sale and are carried at cost. The cost includes improvements to the land to provide roads and utility access. These improvements were financed with funds from a Community Development Block Grant which flowed through the City of Dodge City, Kansas, and they are not being depreciated.

<u>Housing Authority</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Community services:				
Land	\$ 363,865	\$ -	\$ -	\$ 363,865
Buildings and equipment	14,684,828	779,743	-	15,464,571
Construction in progress	<u>1,047,010</u>	<u>33,592</u>	<u>776,721</u>	<u>303,881</u>
	16,095,703	813,335	776,721	16,132,317
Less accumulated depreciation for buildings and equipment	<u>8,055,981</u>	<u>523,590</u>	<u>-</u>	<u>8,579,571</u>
Governmental activities capital assets, net	<u>\$ 8,039,722</u>	<u>\$ 289,745</u>	<u>\$ 776,721</u>	<u>\$ 7,552,746</u>

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at December 31, 2014:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 150,000	General Fund	Airport Parking Lot Grant
35,250	General Fund	Wildlife Hazard Assessment
5,824	General Fund	Minibus Grant
105	General Fund	CDBG Boothill District Grant
2,428	General Fund	Municipal Band
<u>\$ 193,607</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental and proprietary funds financial statements generally reflect such transactions as transfers. The internal service funds record charges for service to City departments as operating revenue. All City funds record these payments to the internal service fund as operating expenses.

Interfund transfers are made either for operating purposes or to transfer residual equity balances.

A summary of interfund transfers for 2014 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Transfers:			
General	All 4 Fun	\$ 6,747	K.S.A. Contract
General	Capital Equipment	413,508	K.S.A. 68-141g
Sales Tax	ST Depreciation and Replacement	345,000	Resolution No. 2009-09
Sales Tax	SEC Revenue Bond Fund	2,568,048	Resolution No. 2009-09
Sales Tax	Special Events Center Fund	963,776	Resolution No. 2009-09
Sales Tax	Sales Tax Organizations	710,000	Resolution No. 2009-09
Sales Tax	General	150,000	Resolution No. 2009-09
Development and Growth	GO Bond and Interest	450,000	K.S.A. 12-1, 118
Temporary Notes	GO Bond and Interest	9,984	Resolution No. 2012-38
GO Bond & Interest	Temporary Notes	26,192	Resolution No. 2012-38
Convention & Visitors	General	60,000	K.S.A. 12-825d
Water/wastewater	General	850,660	K.S.A. 12-825d
Solid Waste	General	177,800	K.S.A. 12-825d
Drainage	General	37,080	K.S.A. 12-825d
Convention & Visitors	Sales Tax Organizations	70,000	K.S.A. Contract
Special Event Center	SEC Revenue Bond Fund	204,406	Resolution No. 2009-09
GO Bonds 2013	GO Bonds 2011	393	Resolution No. 2013-34
GO Bonds 2012	GO Bonds 2013	22,855	Resolution No. 2012-25
GO Bonds 2007	GO Bonds 2013	18,854	Resolution No. 2007-26
		<u>\$ 7,085,303</u>	

A summary of transfers to component units follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library Fund	Dodge City Public Library	\$ 948,174
Library Employee Benefits Fund	Dodge City Public Library	306,274
		<u>\$1,254,448</u>

I. LONG-TERM LIABILITIES

Long-term obligations

The City's long-term liabilities are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

	Debt outstanding January 1, 2014	Additions	Retirements and repayments	Debt outstanding December 31, 2014	Interest expense
<u>Governmental activities</u>					
To be paid with tax levies:					
General obligation bonds	\$ 24,492,200	\$ 675,000	\$ 2,225,400	\$ 22,941,800	\$ 810,408
Temporary notes	630,000	-	630,000	-	12,303
Capital lease obligations	934,056	-	191,350	742,706	20,452
Note payable	277,500	-	87,500	190,000	-
Compensated absences	860,053	49,511	22,387	887,177	-
To be paid with sales tax revenue:					
Revenue bonds	37,895,000	-	825,000	37,070,000	1,701,696
	<u>65,088,809</u>	<u>724,511</u>	<u>3,981,637</u>	<u>61,831,683</u>	<u>2,544,859</u>
<u>Business-type activities</u>					
To be paid with utility revenues:					
General obligation bonds	19,147,800	-	1,309,600	17,838,200	641,643
Loans	22,386,730	249,409	1,319,565	21,316,574	557,991
Compensated absences	115,387	15,186	8,160	122,413	-
	<u>41,649,917</u>	<u>264,595</u>	<u>2,637,325</u>	<u>39,277,187</u>	<u>1,199,634</u>
	<u>\$ 106,738,726</u>	<u>\$ 989,106</u>	<u>\$ 6,618,962</u>	<u>\$ 101,108,870</u>	<u>\$ 3,744,493</u>

Added and deleted amounts for compensated absences do not include the current cost as such amounts are not readily determinable.

Governmental activities

General obligation bonds:

General obligation bonds are serial bonds to be retired through calendar year 2032. At December 31, 2014 the bonds consist of the following:

	Interest Rates	Maturity dates	Bonds outstanding
Internal improvements, issued December 1, 2008 in the amount of \$1,155,000	3.25% to 4.25%	09-01-18	\$ 510,000
Internal improvements, issued October 7, 2009 in the amount of \$6,280,000	1.75% to 4.25%	09-01-29	3,715,000
Internal improvements, issued August 1, 2012 in the amount of \$14,105,050	2.00% to 4.00%	09-01-32	12,386,800
Internal improvements, Issued December 12, 2013 in the amount of \$6,235,000	2.00% to 4.00%	09-01-28	5,655,000
Internal improvements, Issued December 1, 2014 in the amount of \$675,000	2.00% to 3.25%	09-01-29	675,000
			<u>\$ 22,941,800</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Principal and interest payments of general obligation bonds required to be made in the following years are:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2015	\$ 2,255,400	\$ 806,085	\$ 3,061,485
2016	1,981,250	741,627	2,722,877
2017	2,037,100	677,562	2,714,662
2018	1,998,800	614,294	2,613,094
2019	1,929,650	547,569	2,477,219
2020-2024	8,561,000	1,758,050	10,319,050
2025-2029	4,069,800	620,962	4,690,762
2030-2032	108,800	50,461	159,261
	<u>\$ 22,941,800</u>	<u>\$ 5,816,610</u>	<u>\$ 28,758,410</u>

The amount of long-term debt that can be incurred by the City is limited by K.S.A. 10-308. Total outstanding bonded indebtedness during a year can be no greater than 30% of the assessed value of taxable tangible property as certified to the county clerk on the preceding August 25. As of December 31, 2014, the amount of outstanding bonded indebtedness was equal to 16.23% of property assessments as of July 1, 2013.

Capital leases:

The following is a description of capital lease obligations of the City:

	<u>Interest rates</u>	<u>Maturity date</u>	<u>Outstanding balance</u>
Fire Truck, dated May 20, 2011, in the original amount of \$388,357	2.24%	05-20-15	\$ 79,373
Airport Hangar, dated April 5, 2013 in the amount of \$349,878	3.00%	04-05-23	319,358
Fire Truck, dated April 12, 2013 in the amount of \$427,172	2.00%	03-01-18	<u>343,975</u>
Totals			<u>\$ 742,706</u>

Assets recorded under capital leases were \$1,165,407 and corresponding accumulated depreciation at December 31, 2014 was \$185,173.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2014.

<u>Year ending December 31,</u>	<u>Amount</u>
2015	\$ 211,801
2016	130,651
2017	130,655
2018	130,652
2019	41,016
Thereafter	<u>164,064</u>
	<u>\$ 808,839</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Capital leases (continued):

Total lease payments	\$ 808,839
Less: Amount representing interest	<u>66,133</u>
Present value of lease payments	<u>\$ 742,706</u>

For purposes of comparing actual expenditures to budget, only the amounts actually due in the current period are included in accordance with K.S.A. 10-1116b.

Note payable:

The City entered into an agreement during 2006 to purchase \$500,000 of property and equipment, at zero percent interest, with title deeded to the City upon execution of the agreement. The agreement contains a reconveyance option commencing January 1, 2007 and expiring December 31, 2016. The City has the absolute and unconditional right to reconvey the property and equipment back to the seller during the option period. If the City elects to exercise the reconveyance option, it will provide written notice to the seller within 30 days. The seller will retain all payments received prior to the reconveyance and all payments due at the time of such reconveyance.

The following is a schedule of future minimum payments as of December 31, 2014:

2015	100,000
2016	<u>90,000</u>
Total	<u>\$ 190,000</u>

Revenue bonds:

Revenue bonds to be paid from sales tax revenue consist of the following:

	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Series 2009 sales tax projects	4.10% to 5.0%	06-01-34	<u>\$ 37,070,000</u>

The aggregate annual principal and interest payments of revenue bonds required to be made in the following years are:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2015	\$ 890,000	\$ 1,678,115	\$ 2,568,115
2016	955,000	1,650,440	2,605,440
2017	1,020,000	1,620,815	2,640,815
2018	1,095,000	1,587,721	2,682,721
2019	1,170,000	1,540,678	2,710,678
2020-2024	7,345,000	6,830,127	14,175,127
2025-2029	10,250,000	4,943,816	15,193,816
2030-2034	<u>14,345,000</u>	<u>1,899,075</u>	<u>16,244,075</u>
	<u>\$ 37,070,000</u>	<u>\$ 21,750,787</u>	<u>\$ 58,820,787</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Revenue bonds (continued):

The revenue bond ordinance for the above bonds provides for deposits to the principal and interest account each year to provide for the payment of principal and interest on the bonds as they become due and payable.

Business-type activities

General obligation bonds:

General obligation bonds, secured by revenues derived from the operations of the applicable enterprise fund types, consist of the following:

	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Series 2012-A waterworks and waterworks utility system refunding bonds	2.00% to 4.00%	9-01-24	\$ 11,360,000
Series 2012-B refunding and improvement bonds	2.00% to 4.00%	9-01-32	<u>6,478,200</u>
			<u>\$ 17,838,200</u>

The aggregate annual principal and interest payments required to be made in the following years are:

	<u>Series 2012-A</u>	<u>Series 2012-B</u>	<u>Interest due</u>	<u>Total due</u>
2015	980,000	374,600	593,121	1,947,721
2016	1,020,000	388,750	530,388	1,939,138
2017	1,060,000	402,900	466,853	1,929,753
2018	1,095,000	426,200	402,521	1,923,721
2019	1,120,000	440,350	354,884	1,915,234
2020-2024	6,085,000	2,049,000	922,202	9,056,202
2025-2029	-	1,430,200	117,569	1,547,769
2030-2032	-	966,200	25,232	991,432
	<u>\$ 11,360,000</u>	<u>\$ 6,478,200</u>	<u>\$ 3,412,770</u>	<u>\$ 21,250,970</u>

General obligation bond ordinances for the above bonds provide for deposits to principal and interest accounts each year to provide for the payment of principal and interest on the bonds as they become due and payable.

I. LONG-TERM LIABILITIES (CONTINUED)

Loans:

The City approved a loan agreement effective September 22, 2009, with the State of Kansas Department of Health and Environment for a water reclamation facility in the amount of \$29,532,000. The interest rate is 2.83% per annum. The loan repayment schedule will be established upon completion of the project with semi-annual payments over a twenty year period. The loan balance at December 31, 2014 was \$21,316,574.

Sales tax projects revenue bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Special Events Center in the amount of \$33,990,000 with an additional \$4,200,000 for personal property effective January 1, 2014 through January 1, 2015. The premium for this coverage was \$45,868 plus \$5,668 for personal property.

The balance sheet of the Series 2009 Sales Tax Revenue Bonds is on page eighteen and the Special Events Center Project Fund is on page sixty three.

The statement of revenue, expenditures, and changes in fund balance of the Series 2009 Sales Tax Revenue Bonds Fund is on page twenty and the Special Events Center Project Fund is on page seventy.

The City complied with Rebate Covenants outlined in Section 1202 of Resolution 2009-09.

The City completed the disclosure requirements outlined in Section 1301 of Resolution 2009-09.

Waterworks and wastewater utility system refunding bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Wastewater Treatment Plant in the amount of \$4,955,724 and the Water Reclamation Facility in the amount of \$16,480,000 with an additional \$1,050,000 for personal property effective January 1, 2014 through January 1, 2015. The premium for this coverage was \$6,688 on the plant and \$22,239 on the facility plus \$1,417 for personal property.

The balance sheet of the Water/Wastewater Fund is on page twenty two.

The statement of revenue, expenditures, and changes in net assets of the Water/Wastewater Fund is on page twenty four.

The water and wastewater systems had 8,143 and 7,762 customers at the beginning of the year and 8,177 and 7,792 customers at the end of the year, respectively.

J. LONG-TERM DEBT - COMPONENT UNITS

Development Corporation - note payable

The note payable is due to a private company. It is payable upon the sale of the land and industrial park improvements with no set termination date. Upon the sale of any property, seventy-five percent of the net sales price of the first \$50,000 and all net sales price over \$50,000 is payable for interest accumulated to that date and then as a reduction to principal. If at termination, the Organization elects not to pay the principal and interest due, all land and industrial park improvements will be transferred to the lender. Interest is computed annually from July 1 through June 30 using the New York prime rate on June 30 of the prior year. Interest compounds as of June 30 of each year.

Accrued interest on the note plus the amount of the note payable has been limited to a prior year estimated fair value of the property. During 2014 no additional interest was accrued on the note. No appraisal of the property has been done in order to assess whether the accrued interest recorded plus the related debt accurately reflect the Organization's liability on this property.

K. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2014, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$119,070,374.

L. SPECIAL OBLIGATION BONDS

The City approved a designated zone of the City as a Rural Housing Incentive District. The District is designated to reduce housing construction costs incurred by contractors through incentives that are passed on to home buyers making housing more affordable. On May 30, 2014, the City issued \$705,000 of special obligation bonds. The repayment of these bonds will be repaid with ad valorem taxes pledged as special assessments. The City is not obligated in any manner for repayment of the bonds. Accordingly, the debt service transactions have been accounted for in an agency fund and the bonds are not reported as liabilities in the accompanying financial statements.

M. DEFINED BENEFIT PENSION PLAN

Plan description. The City of Dodge City contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the contribution rates. The KPERS employer rate established for the year, 2014 is 9.69%. The City of Dodge City's employer contributions to KPERS for the years ending December 31, 2014, 2013, and 2012 were \$551,673, \$503,661, and \$474,983, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2014 is 19.92%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City of Dodge City's contributions to KP&F for the years ending December 31, 2014, 2013, and 2012 were \$892,314, \$778,871, and \$756,525, respectively, equal to the required contributions for each year.

The Dodge City Public Library, the Dodge City - Ford County Development Corporation and the Dodge City Housing Authority all participate in KPERS. The actuarially determined contribution requirements of these component units were met.

N. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City participates in a public entity risk pool to cover worker's compensation claims. The City purchases commercial insurance to cover property, liability and medical needs of employees. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

O. CONTINGENCIES

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the City at December 31, 2014.

P. JOINT VENTURES

On January 1, 1993, the City of Dodge City, Kansas, entered into a joint venture with Ford County, Kansas, for the operation of a communications center. By joint resolution the Dodge City/Ford County Emergency Communications Board was created to operate the Dodge City/Ford County Communications Department. The Board consists of equal membership of City and County personnel. The department provides emergency communications for City and County agencies and is physically located in the Ford County Government Center. The budgeted operating expenditures are shared equally by the two governments. The joint venture assets of \$35,099 are fully depreciated.

On July 21, 1997, the City of Dodge City, Kansas entered into a joint venture with Ford County, Kansas, for the construction and operation of certain public projects. On June 10, 1997, the voters of Dodge City and of Ford County approved a one-half percent city-wide and a one-half percent county-wide retailer's sales tax to finance these projects. The projects included but were not limited to the following: air-conditioning at the Civic Center building; an outdoor motor sports complex; field sport facilities, including a baseball/softball complex and additional soccer facilities and renovation of existing facilities; and a special events center.

All City sales tax revenues for these projects are deposited into the Sales Tax Fund. County sales tax revenues which are designated for Ford County and the City of Dodge City are transferred to the City and deposited into the same fund. All expenditures from the Sales Tax Fund are subject to approval of the City Commission. All real estate acquired for the projects is titled to the City.

The interlocal agreement was amended on August 10, 2005. The agreement created a Community Facilities Advisory Board (CFAB) to serve as the project review and advisory committee. There are seven members on the Board: one City Commissioner, one County Commissioner, four at-large members and the Chairperson of the Board of Directors of the Dodge City/Ford County Development Corporation or his designee.

On November 18, 2010, the City of Dodge City, Kansas entered into a joint venture with Venuworks of Dodge City, LLC. The agreement calls for Venuworks to operate and manage the Special Events Center. The City retains title and ownership of the Center. Venuworks receives a flat monthly management fee plus variable management fees for food and beverage sales, contractually obligated incomes and fulfillment fees. Variable commissions are capped on an annual basis.

On November 5, 2012, the City of Dodge City, Kansas entered into a joint venture with Young Men's Christian Association of Southwest Kansas (YMCA). The agreement calls for YMCA to operate and manage the Parks and Recreation Department. The City retains title to all Parks and Recreation property. The City reimburses the YMCA for a percentage of payroll and also for large property purchases and repairs.

Q. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 28, 2015, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	Special revenue funds	Capital projects funds	Total nonmajor governmental funds
<u>ASSETS</u>			
Cash and investments	\$ 10,623,674	\$ 333,084	\$ 10,956,758
Property taxes receivable	1,591,424	291,647	1,883,071
Due from other governments	259,276	-	259,276
Other receivables	391,008	-	391,008
Inventories	41,289	-	41,289
Restricted cash and investments	-	3,660,420	3,660,420
Total assets	<u>\$ 12,906,671</u>	<u>\$ 4,285,151</u>	<u>\$ 17,191,822</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 332,226	\$ 548,889	\$ 881,115
Payroll liabilities	17,666	892	18,558
Due to other funds	193,607	-	193,607
Total liabilities	<u>543,499</u>	<u>549,781</u>	<u>1,093,280</u>
Deferred inflows of resources:			
Property tax	1,591,424	291,647	1,883,071
Contractual obligations	537,219	-	537,219
Revolving loans	286,103	-	286,103
Total deferred inflows of resources	<u>2,414,746</u>	<u>291,647</u>	<u>2,706,393</u>
Fund balances:			
Nonspendable:			
Endowment	100,000	-	100,000
Long-term receivables	242,537	-	242,537
Restricted:			
Capital projects	-	3,118,723	3,118,723
Grants	9,977	-	9,977
Assigned:			
Encumbrances	396,598	-	396,598
Other capital expenditures	5,196,409	325,000	5,521,409
Community service and promotion	795	-	795
Other purposes	640,412	-	640,412
Designed for subsequent year's expenditures	3,704,594	-	3,704,594
Unassigned	(342,896)	-	(342,896)
Total fund balances	<u>9,948,426</u>	<u>3,443,723</u>	<u>13,392,149</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,906,671</u>	<u>\$ 4,285,151</u>	<u>\$ 17,191,822</u>

CITY OF DODGE CITY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

December 31, 2014

	Special liability	Library	Library employee benefits	Building
<u>ASSETS</u>				
Cash and investments	\$ 261,551	\$ 20,647	\$ 10,252	\$ 12,997
Property taxes receivable	479,025	846,983	265,416	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	5,007
Inventories	-	-	-	-
Total assets	<u>\$ 740,576</u>	<u>\$ 867,630</u>	<u>\$ 275,668</u>	<u>\$ 18,004</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,288	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>2,288</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	479,025	846,983	265,416	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	<u>479,025</u>	<u>846,983</u>	<u>265,416</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	159,785	19,475	10,252	18,004
Designed for subsequent year's expenditures	99,478	1,172	-	-
Unassigned	-	-	-	-
Total fund balances	<u>259,263</u>	<u>20,647</u>	<u>10,252</u>	<u>18,004</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 740,576</u>	<u>\$ 867,630</u>	<u>\$ 275,668</u>	<u>\$ 18,004</u>

<u>Convention and visitors</u>	<u>Special streets and highways</u>	<u>Special park and recreation</u>	<u>Special alcohol and drug</u>	<u>Alcohol and drug safety action</u>
\$ 847,936	\$ 596,784	\$ 115,548	\$ 101,000	\$ 15,667
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(1,200)
-	-	-	-	-
<u>\$ 847,936</u>	<u>\$ 596,784</u>	<u>\$ 115,548</u>	<u>\$ 101,000</u>	<u>\$ 14,467</u>
\$ 4,380	\$ 6,481	\$ -	\$ 101,000	\$ (315)
7,043	5,377	-	-	-
-	-	-	-	-
<u>11,423</u>	<u>11,858</u>	<u>-</u>	<u>101,000</u>	<u>(315)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	396,598	-	-	-
-	-	-	-	-
-	-	-	-	-
-	123,901	-	-	3,346
836,513	64,427	115,548	-	11,436
-	-	-	-	-
<u>836,513</u>	<u>584,926</u>	<u>115,548</u>	<u>-</u>	<u>14,782</u>
<u>\$ 847,936</u>	<u>\$ 596,784</u>	<u>\$ 115,548</u>	<u>\$ 101,000</u>	<u>\$ 14,467</u>

CITY OF DODGE CITY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2014

	<u>All 4 Fun</u>	<u>Development and growth</u>	<u>Sales tax organizations</u>	<u>Sales tax depreciation and replacement</u>
<u>ASSETS</u>				
Cash and investments	\$ 3,576	\$ 492,118	\$ 124,085	\$ 4,646,184
Property taxes receivable	-	-	-	-
Due from other governments	-	49,944	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,576</u>	<u>\$ 542,062</u>	<u>\$ 124,085</u>	<u>\$ 4,646,184</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 405	\$ 75,497	\$ 5,855	\$ -
Payroll liabilities	-	-	1,619	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>405</u>	<u>75,497</u>	<u>7,474</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	110,592	-	4,646,184
Community service and promotion	-	-	-	-
Other purposes	2,839	-	-	-
Designed for subsequent year's expenditures	332	355,973	116,611	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>3,171</u>	<u>466,565</u>	<u>116,611</u>	<u>4,646,184</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,576</u>	<u>\$ 542,062</u>	<u>\$ 124,085</u>	<u>\$ 4,646,184</u>

Special law enforcement trust	Sales tax event	Rural housing incentive district	Economic development revolving	Hoover trust
\$ 29,452	\$ 155,066	\$ 57,055	\$ 243,672	\$ 119,128
-	-	-	-	-
-	-	-	-	-
-	-	-	286,103	-
-	-	-	-	-
<u>\$ 29,452</u>	<u>\$ 155,066</u>	<u>\$ 57,055</u>	<u>\$ 529,775</u>	<u>\$ 119,128</u>
\$ 2,425	\$ -	\$ -	\$ 1,135	\$ -
-	-	-	-	-
-	-	-	-	-
<u>2,425</u>	<u>-</u>	<u>-</u>	<u>1,135</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	286,103	-
-	-	-	286,103	-
-	-	-	-	100,000
-	-	-	242,537	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
27,027	155,066	57,055	-	19,128
-	-	-	-	-
-	-	-	-	-
<u>27,027</u>	<u>155,066</u>	<u>57,055</u>	<u>242,537</u>	<u>119,128</u>
<u>\$ 29,452</u>	<u>\$ 155,066</u>	<u>\$ 57,055</u>	<u>\$ 529,775</u>	<u>\$ 119,128</u>

CITY OF DODGE CITY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2014

	Roof insurance repairs	Medical insurance reserve	Capital equipment reserve	Fire CPR training
ASSETS				
Cash and investments	\$ 174,445	\$ 2,092,193	\$ 265,188	\$ 795
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	5,632	-	-
Inventories	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 174,445</u>	<u>\$ 2,097,825</u>	<u>\$ 265,188</u>	<u>\$ 795</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 37,643	\$ -	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>37,643</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	174,445	-	265,188	-
Community service and promotion	-	-	-	795
Other purposes	-	-	-	-
Designed for subsequent year's expenditures	-	2,060,182	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>174,445</u>	<u>2,060,182</u>	<u>265,188</u>	<u>795</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 174,445</u>	<u>\$ 2,097,825</u>	<u>\$ 265,188</u>	<u>\$ 795</u>

<u>DARE</u>	<u>FAA parking lot</u>	<u>Wildlife hazard assessment</u>	<u>DJ-BX grant 2011</u>	<u>Mobility manager grant</u>
\$ 10,082	\$ -	\$ -	\$ -	\$ 3,185
-	-	-	-	-
-	150,000	35,250	100	6,547
759	-	-	-	-
-	-	-	-	-
<u>\$ 10,841</u>	<u>\$ 150,000</u>	<u>\$ 35,250</u>	<u>\$ 100</u>	<u>\$ 9,732</u>
\$ 353	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	150,000	35,250	-	-
<u>353</u>	<u>150,000</u>	<u>35,250</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	100	9,732
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,488	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,488</u>	<u>-</u>	<u>-</u>	<u>100</u>	<u>9,732</u>
<u>\$ 10,841</u>	<u>\$ 150,000</u>	<u>\$ 35,250</u>	<u>\$ 100</u>	<u>\$ 9,732</u>

CITY OF DODGE CITY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)

December 31, 2014

	Minibus grant 2011-12	Minibus grant 2012-13	Minibus grant 2014-15	CDBG Boothill district grant
<u>ASSETS</u>				
Cash and investments	\$ 306	\$ 475	\$ -	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	-	-	17,330	105
Other receivables	-	-	-	-
Inventories	-	-	-	-
Total assets	<u>\$ 306</u>	<u>\$ 475</u>	<u>\$ 17,330</u>	<u>\$ 105</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 8,515	\$ -
Payroll liabilities	306	475	2,846	-
Due to other funds	-	-	5,824	105
Total liabilities	<u>306</u>	<u>475</u>	<u>\$ 17,185</u>	<u>\$ 105</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	145	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	-	-	-	-
Designed for subsequent year's expenditures	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>145</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 306</u>	<u>\$ 475</u>	<u>\$ 17,330</u>	<u>\$ 105</u>

Meadowlark house	Special events center	SMPC trust	Municipal band	Total nonmajor special revenue funds
\$ 12,109	\$ 146,956	\$ 65,222	\$ -	\$ 10,623,674
-	-	-	-	1,591,424
-	-	-	-	259,276
-	94,707	-	-	391,008
-	41,289	-	-	41,289
<u>\$ 12,109</u>	<u>\$ 282,952</u>	<u>\$ 65,222</u>	<u>\$ -</u>	<u>\$ 12,906,671</u>
\$ 363	\$ 86,201	\$ -	\$ -	\$ 332,226
-	-	-	-	17,666
-	-	-	2,428	193,607
<u>363</u>	<u>86,201</u>	<u>-</u>	<u>2,428</u>	<u>543,499</u>
-	-	-	-	1,591,424
-	537,219	-	-	537,219
-	-	-	-	286,103
<u>-</u>	<u>537,219</u>	<u>-</u>	<u>-</u>	<u>2,414,746</u>
-	-	-	-	100,000
-	-	-	-	242,537
-	-	-	-	9,977
-	-	-	-	396,598
-	-	-	-	5,196,409
-	-	-	-	795
11,746	-	22,300	-	640,412
-	-	42,922	-	3,704,594
<u>-</u>	<u>(340,468)</u>	<u>-</u>	<u>(2,428)</u>	<u>(342,896)</u>
<u>11,746</u>	<u>(340,468)</u>	<u>65,222</u>	<u>(2,428)</u>	<u>9,948,426</u>
<u>\$ 12,109</u>	<u>\$ 282,952</u>	<u>\$ 65,222</u>	<u>\$ -</u>	<u>\$ 12,906,671</u>

CITY OF DODGE CITY, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS

December 31, 2014

	Capital improvement	Temp notes 2012 Candletree	GO bonds 2013	Special obligation bond project 2013
<u>ASSETS</u>				
Cash and investments	\$ 333,084	\$ -	\$ -	\$ -
Property taxes receivable	291,647	-	-	-
Restricted cash and investments	-	24,458	3,522,753	53,051
Total assets	<u>\$ 624,731</u>	<u>\$ 24,458</u>	<u>\$ 3,522,753</u>	<u>\$ 53,051</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 7,192	\$ 8,250	\$ 533,447	\$ -
Payroll liabilities	892	-	-	-
Total liabilities	<u>8,084</u>	<u>8,250</u>	<u>533,447</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	291,647	-	-	-
Total deferred inflows of resources	<u>291,647</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for capital projects	-	16,208	2,989,306	53,051
Assigned to other capital expenditures	325,000	-	-	-
Total fund balances	<u>325,000</u>	<u>16,208</u>	<u>2,989,306</u>	<u>53,051</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 624,731</u>	<u>\$ 24,458</u>	<u>\$ 3,522,753</u>	<u>\$ 53,051</u>

Special obligation bond project 2014	Total nonmajor capital projects funds
\$ -	\$ 333,084
60,158	291,647
	3,660,420
<u>\$ 60,158</u>	<u>\$4,285,151</u>

\$ -	\$ 548,889
-	892
-	549,781
-	291,647
-	291,647
60,158	3,118,723
-	325,000
60,158	3,443,723
<u>\$ 60,158</u>	<u>\$4,285,151</u>

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

Year ended December 31, 2014

	Special revenue funds	Capital projects funds	Total nonmajor governmental funds
Revenue:			
Taxes	\$ 2,412,940	\$ 324,326	\$ 2,737,266
Intergovernmental	3,293,385	659,648	3,953,033
Charges for services	1,938,171	-	1,938,171
Investment earnings	12,628	8	12,636
Contribution from property owners	-	679,549	679,549
Miscellaneous	301,960	-	301,960
	<u>7,959,084</u>	<u>1,663,531</u>	<u>9,622,615</u>
Total revenue			
Expenditures:			
General government	1,466,170	708,496	2,174,666
Public safety	263,152	-	263,152
Public works	1,551,848	3,354,409	4,906,257
Culture and recreation	3,616,127	398,803	4,014,930
Community services	2,158,967	-	2,158,967
	<u>9,056,264</u>	<u>4,461,708</u>	<u>13,517,972</u>
Total expenditures			
Excess (deficiency) of revenue over expenditures	<u>(1,097,180)</u>	<u>(2,798,177)</u>	<u>(3,895,357)</u>
Other financing sources (uses):			
Transfers in	2,509,031	68,294	2,577,325
Transfers out	(580,000)	(256,492)	(836,492)
Transfers to component units	<u>(1,254,448)</u>	<u>-</u>	<u>(1,254,448)</u>
Total other financing sources and uses	<u>674,583</u>	<u>(188,198)</u>	<u>486,385</u>
Net change in fund balances	(422,597)	(2,986,375)	(3,408,972)
Fund balances, beginning of year	<u>10,371,023</u>	<u>6,430,098</u>	<u>16,801,121</u>
Fund balances, end of year	<u>\$ 9,948,426</u>	<u>\$ 3,443,723</u>	<u>\$13,392,149</u>

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Year ended December 31, 2014

	Special liability	Library	Library employee benefits	Building
Revenue:				
Taxes	\$ 737,997	\$ 945,662	\$ 301,292	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	4
Miscellaneous	-	-	-	15,500
Total revenue	<u>737,997</u>	<u>945,662</u>	<u>301,292</u>	<u>15,504</u>
Expenditures:				
General government	585,843	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community services	-	-	-	-
Total expenditures	<u>585,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>152,154</u>	<u>945,662</u>	<u>301,292</u>	<u>15,504</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to component units	-	(948,174)	(306,274)	-
Total other financing sources and uses	<u>-</u>	<u>(948,174)</u>	<u>(306,274)</u>	<u>-</u>
Net change in fund balances	152,154	(2,512)	(4,982)	15,504
Fund balances, beginning of year	<u>107,109</u>	<u>23,159</u>	<u>15,234</u>	<u>2,500</u>
Fund balances, end of year	<u>\$ 259,263</u>	<u>\$ 20,647</u>	<u>\$ 10,252</u>	<u>\$ 18,004</u>

<u>Convention and visitors</u>	<u>Special streets and highways</u>	<u>Special park and recreation</u>	<u>Special alcohol and drug</u>	<u>Alcohol and drug safety action</u>
\$ -	\$ -	\$ -	\$ -	\$ -
785,520	736,623	98,860	99,579	-
40,881	-	-	-	(50)
-	-	-	-	-
23,547	-	-	-	-
<u>849,948</u>	<u>736,623</u>	<u>98,860</u>	<u>99,579</u>	<u>(50)</u>
-	-	-	-	-
-	-	-	-	12,827
-	378,544	-	-	-
-	-	90,000	-	-
755,925	-	-	107,000	-
<u>755,925</u>	<u>378,544</u>	<u>90,000</u>	<u>107,000</u>	<u>12,827</u>
-	-	-	-	-
94,023	358,079	8,860	(7,421)	(12,877)
-	-	-	-	-
(130,000)	-	-	-	-
-	-	-	-	-
<u>(130,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(35,977)	358,079	8,860	(7,421)	(12,877)
872,490	226,847	106,688	7,421	27,659
<u>\$ 836,513</u>	<u>\$ 584,926</u>	<u>\$ 115,548</u>	<u>\$ -</u>	<u>\$ 14,782</u>

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS ~~SPECIAL REVENUE FUNDS (CONTINUED)~~

Year ended December 31, 2014

	<u>All 4 Fun</u>	<u>Development and growth</u>	<u>Sales tax organizations</u>	<u>Sales tax depreciation and replacement</u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	604,335	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	46	-
	<u>-</u>	<u>-</u>	<u>46</u>	<u>-</u>
Total revenue	<u>-</u>	<u>604,335</u>	<u>46</u>	<u>-</u>
Expenditures:				
General government	-	439,842	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,576	-	-	347,590
Community services	-	-	906,088	-
	<u>-</u>	<u>-</u>	<u>906,088</u>	<u>-</u>
Total expenditures	<u>3,576</u>	<u>439,842</u>	<u>906,088</u>	<u>347,590</u>
Excess (deficiency) of revenue over expenditures	<u>(3,576)</u>	<u>164,493</u>	<u>(906,042)</u>	<u>(347,590)</u>
Other financing sources (uses):				
Transfers in	6,747	-	780,000	345,000
Transfers out	-	(450,000)	-	-
Transfers to component units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>6,747</u>	<u>(450,000)</u>	<u>780,000</u>	<u>345,000</u>
Net change in fund balances	<u>3,171</u>	<u>(285,507)</u>	<u>(126,042)</u>	<u>(2,590)</u>
Fund balances, beginning of year	<u>-</u>	<u>752,072</u>	<u>242,653</u>	<u>4,648,774</u>
Fund balances, end of year	<u>\$ 3,171</u>	<u>\$ 466,565</u>	<u>\$ 116,611</u>	<u>\$ 4,646,184</u>

<u>Sales tax event</u>	<u>Rural housing incentive district</u>	<u>Transient guest tax</u>	<u>Special law enforcement trust</u>	<u>Economic development revolving</u>
\$ -	\$ 166,149	\$ 261,840	\$ -	\$ -
25,000	-	-	-	-
-	-	-	13,110	-
-	-	-	-	12,464
-	-	-	-	51,745
<u>25,000</u>	<u>166,149</u>	<u>261,840</u>	<u>13,110</u>	<u>64,209</u>
-	137,530	-	-	-
-	-	-	13,143	-
-	-	-	-	-
9,315	-	-	-	-
-	-	261,840	-	101,961
<u>9,315</u>	<u>137,530</u>	<u>261,840</u>	<u>13,143</u>	<u>101,961</u>
<u>15,685</u>	<u>28,619</u>	<u>-</u>	<u>(33)</u>	<u>(37,752)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>15,685</u>	<u>28,619</u>	<u>-</u>	<u>(33)</u>	<u>(37,752)</u>
<u>139,381</u>	<u>28,436</u>	<u>-</u>	<u>27,060</u>	<u>280,289</u>
<u>\$ 155,066</u>	<u>\$ 57,055</u>	<u>\$ -</u>	<u>\$ 27,027</u>	<u>\$ 242,537</u>

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2014

	Hoover trust	Roof insurance repairs	Medical insurance reserve	Capital equipment reserve
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	12,410	-
Investment earnings	53	-	-	-
Miscellaneous	-	-	-	-
	<u>53</u>	<u>-</u>	<u>12,410</u>	<u>-</u>
Total revenue	<u>53</u>	<u>-</u>	<u>12,410</u>	<u>-</u>
Expenditures:				
General government	-	-	179,146	123,704
Public safety	-	-	-	191,822
Public works	-	-	-	110,011
Culture and recreation	-	-	-	110,029
Community services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>179,146</u>	<u>535,566</u>
Excess (deficiency) of revenue over expenditures	<u>53</u>	<u>-</u>	<u>(166,736)</u>	<u>(535,566)</u>
Other financing sources (uses):				
Transfers in	-	-	-	413,508
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,508</u>
Net change in fund balances	<u>53</u>	<u>-</u>	<u>(166,736)</u>	<u>(122,058)</u>
Fund balances, beginning of year	<u>119,075</u>	<u>174,445</u>	<u>2,226,918</u>	<u>387,246</u>
Fund balances, end of year	<u>\$ 119,128</u>	<u>\$ 174,445</u>	<u>\$ 2,060,182</u>	<u>\$ 265,188</u>

Underage alcohol abuse	DARE	Fire CPR training	FAA parking lot	Wildlife hazard assessment
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	237,886	81,561
-	-	-	-	-
-	-	-	-	-
-	6,291	125	90,772	4,520
-	6,291	125	328,658	86,081
-	-	-	-	-
3,250	7,324	(670)	-	-
-	-	-	328,658	86,081
-	-	-	-	-
-	-	-	-	-
3,250	7,324	(670)	328,658	86,081
-	-	-	-	-
(3,250)	(1,033)	795	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,250)	(1,033)	795	-	-
-	-	-	-	-
3,250	11,521	-	-	-
\$ -	\$ 10,488	\$ 795	\$ -	\$ -

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2014

	DJ-BX grant 2010	DJ-BX grant 2011	DJ-BX grant 2013	Mobility manager grant
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	962	20,702	13,896	55,979
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	6,583
Total revenue	<u>962</u>	<u>20,702</u>	<u>13,896</u>	<u>62,562</u>
Expenditures:				
General government	-	-	-	-
Public safety	962	20,602	13,896	-
Public works	-	-	-	62,280
Culture and recreation	-	-	-	-
Community services	-	-	-	-
Total expenditures	<u>962</u>	<u>20,602</u>	<u>13,896</u>	<u>62,280</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>100</u>	<u>-</u>	<u>282</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>100</u>	<u>-</u>	<u>282</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,450</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 9,732</u>

Minibus grant 2012-13	Minibus grant 2013-14	Minibus grant 2014-15	Public transportation buses grant	CDBG Boothill district grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	143,504	108,488	231,932	105
-	-	-	-	-
-	-	-	-	-
-	1,477	26,233	57,983	-
-	144,981	134,721	289,915	105
-	-	-	-	105
-	-	-	-	-
1,615	160,168	134,576	289,915	-
-	-	-	-	-
-	-	-	-	-
1,615	160,168	134,576	289,915	105
(1,615)	(15,187)	145	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,615)	(15,187)	145	-	-
1,615	15,187	-	-	-
\$ -	\$ -	\$ 145	\$ -	\$ -

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2014

	KHRC abandoned housing	Meadowlark house	Special events center	SMPC trust
Revenue:				
Taxes	\$ -	-	\$ -	\$ -
Intergovernmental	26,153	-	-	22,300
Charges for services	-	-	1,871,820	-
Investment earnings	-	-	107	-
Miscellaneous	-	11,742	5,396	-
	<u>26,153</u>	<u>11,742</u>	<u>1,877,323</u>	<u>22,300</u>
Total revenue	26,153	11,742	1,877,323	22,300
Expenditures:				
General government	-	-	-	-
Public safety	-	(4)	-	-
Public works	-	-	-	-
Culture and recreation	-	-	3,033,207	-
Community services	26,153	-	-	-
	<u>26,153</u>	<u>(4)</u>	<u>3,033,207</u>	<u>-</u>
Total expenditures	26,153	(4)	3,033,207	-
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>11,746</u>	<u>(1,155,884)</u>	<u>22,300</u>
Other financing sources (uses):				
Transfers in	-	-	963,776	-
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>963,776</u>	<u>-</u>
Total other financing sources and uses	-	-	963,776	-
Net change in fund balances	-	11,746	(192,108)	22,300
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>(148,360)</u>	<u>42,922</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 11,746</u>	<u>\$ (340,468)</u>	<u>\$ 65,222</u>

<u>Municipal band</u>	<u>Total nonmajor special revenue funds</u>
\$ -	\$ 2,412,940
-	3,293,385
-	1,938,171
-	12,628
-	301,960
-	7,959,084
-	\$ 1,466,170
-	263,152
-	1,551,848
22,410	3,616,127
-	2,158,967
22,410	9,056,264
(22,410)	(1,097,180)
-	2,509,031
-	(580,000)
-	(1,254,448)
-	674,583
(22,410)	(422,597)
19,982	10,371,023
<u>\$ (2,428)</u>	<u>\$ 9,948,426</u>

CITY OF DODGE CITY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

Year ended December 31, 2014

	Capital improvement	GO bonds 2007	GO bonds 2011	Special events center project
Revenue:				
Taxes	\$ 324,326	\$ -	\$ -	\$ -
Intergovernmental	15,000	-	-	-
Investment earnings	-	-	-	-
Contribution from property owners	-	-	-	-
Total revenue	<u>339,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government	52,145	-	-	-
Public works	109,630	-	28,595	-
Culture and recreation	398,803	-	-	-
Total expenditures	<u>560,578</u>	<u>-</u>	<u>28,595</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(221,252)</u>	<u>-</u>	<u>(28,595)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	393	-
Transfers out	-	(18,854)	-	(204,406)
Total other financing sources and uses	<u>-</u>	<u>(18,854)</u>	<u>393</u>	<u>(204,406)</u>
Net change in fund balances	(221,252)	(18,854)	(28,202)	(204,406)
Fund balances, beginning of year	<u>546,252</u>	<u>18,854</u>	<u>28,202</u>	<u>204,406</u>
Fund balances, end of year	<u>\$ 325,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Temp notes 2012 Candletree	GO bonds 2012	GO bonds 2013	Special obligation bond project 2013	Special obligation bond project 2014	Total nonmajor capital projects funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 324,326
-	-	644,648	-	-	659,648
-	-	-	4	4	8
-	-	-	-	679,549	679,549
-	-	644,648	4	679,553	1,663,531
-	-	-	36,956	619,395	708,496
-	-	3,216,184	-	-	3,354,409
-	-	-	-	-	398,803
-	-	3,216,184	36,956	619,395	4,461,708
-	-	(2,571,536)	(36,952)	60,158	(2,798,177)
26,192	-	41,709	-	-	68,294
(9,984)	(22,855)	(393)	-	-	(256,492)
16,208	(22,855)	41,316	-	-	(188,198)
16,208	(22,855)	(2,530,220)	(36,952)	60,158	(2,986,375)
-	22,855	5,519,526	90,003	-	6,430,098
\$ 16,208	\$ -	\$ 2,989,306	\$ 53,051	\$ 60,158	\$ 3,443,723

CITY OF DODGE CITY, KANSAS

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND**

December 31, 2014

	Community improvement district	Special obligation debt service 2014	Total
<u>ASSETS</u>			
Cash	\$ 13,841	\$ 3,402	\$ 17,243
<u>LIABILITIES</u>			
Due to bondholders	\$ 13,841	\$ 3,402	\$ 17,243

The accompanying notes are an integral part of the basic financial statements.

APPENDICES

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor
and City Commissioners
Dodge City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Dodge City's basic financial statements and have issued our report thereon dated July 28, 2015. Our report was modified to include a reference to other auditors. The financial statements of the Special Events Center, a special revenue fund, the Dodge City Public Library and the Dodge City-Ford County Development Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dodge City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dodge City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dodge City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described as item 2014-01 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dodge City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Dodge City's Response to Findings

The City of Dodge City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Dodge City's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

July 28, 2015

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133**

The Honorable Mayor
and City Commissioners
Dodge City, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Dodge City, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Dodge City, Kansas' major federal programs for the year ended December 31, 2014. The City of Dodge City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Dodge City, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

The City of Dodge City's basic financial statements include the operations of the Housing Authority of Dodge City, which expended \$799,988 in federal awards which is not included in the schedule during the year ended December 31, 2014. Our audit described below, did not include the operations of the Housing Authority of Dodge City because they engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Opinion on Each Major Federal Program

In our opinion, the City of Dodge City, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

The management of the City of Dodge City, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kennedy McKee & Company LLP

July 28, 2015

CITY OF DODGE CITY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2014

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures of federal awards
U.S. Department of Justice			
Direct program:			
Edward Byrne Memorial Justice Grant – ARRA	16.804	2010-DJ-BX-0369	\$ 962
Edward Byrne Memorial Justice Grant	16.738	2011-JD-BX-2905	20,602
Edward Byrne Memorial Justice Grant	16.738	DJ-BX-0855	<u>13,896</u>
Total U.S. Department of Justice			<u>35,460</u>
U.S. Department of Transportation			
Federal Aviation Administration			
Direct programs:			
Airport Parking Lot	20.106	3-20-0017-028	312,225
Wildlife Hazard Assessment	20.106	3-20-0017-029	<u>81,777</u>
Total U.S. Department of Transportation FAA			<u>394,002</u>
U.S. Department of Transportation			
Passed through Kansas Department of Transportation:			
Formula Grants for other than Urbanized Areas			
Mini-Bus Operating Grant 2013-2014	20.509	-	73,665
Mini-Bus Operating Grant 2015-2015	20.509	-	80,581
Mobility Manager Grant	20.521	-	50,472
Federal Transit – Capital			
Investments Grants – ARRA	20.500	-	231,932
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants			
Impaired Driving Deterrence Program (DUI)	20.601	-	<u>7,940</u>
Total U.S. Department of Transportation			<u>444,590</u>
U.S. Department of Homeland Security			
Passed through Kansas Adjunct General			
Disaster Grants – Public Assistance	97.036	-	<u>7,767</u>
Total federal awards			<u>\$ 881,819</u>

Note: The schedule of expenditures of federal awards was prepared using the accrual basis of accounting.

CITY OF DODGE CITY KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2014

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Dodge City, Kansas.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The deficiency is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Dodge City, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Dodge City, Kansas expresses an unmodified opinion on all major programs.
6. Audit findings required to be reported in accordance with Section 510(a) of OMB A-133 are reported in this schedule.
7. The programs tested as a major program included:

Airport Improvement Program – Airport Parking Lot	CFDA 20.106
Airport Improvement Program – Wildlife Hazard Assessment	CFDA 20.106
Federal Transit – Capital Investment Grant	CFDA 20.500
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. The City of Dodge City did not qualify as a low-risk auditee.

CITY OF DODGE CITY KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended December 31, 2014

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

2014-01 Proposed Audit Adjustments

Condition: During the course of the audit, correcting entries were proposed in the area of interest expense on long-term debt.

Criteria: Internal controls should be in place to provide reasonable assurance that long-term debt costs are properly recorded.

Effect: Adjustments were necessary after the audit was started.

Recommendation: We recommend that personnel review the general ledger after year-end adjustments are made for completeness. The review process will provide additional assurance that long-term debt costs are reported accurately.

Response: City personnel will review the general ledger after year-end adjustments are made for completeness. The City will comply with the recommendation.

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.

CITY OF DODGE CITY KANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2014

None noted.